Tarrant County Association for the Blind, Tarrant County Association for the Blind Endowment Trust, and Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Financial Statements
As of and For the Years Ended
December 31, 2015 and 2014

Tarrant County Association for the Blind, Tarrant County Association for the Blind Endowment Trust, and Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Financial Statements

As of and For the Years Ended December 31, 2015 and 2014

Tarrant County Association for the Blind, Tarrant County Association for the Blind Endowment Trust, and Tarrant County Association for the Blind Endowment Fund, Inc.

Contents

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Independent Auditor's Report

To the Board of Directors of Tarrant County Association for the Blind,
The Board of Directors of Tarrant County Association for the Blind Endowment Trust, and The Board of Trustees of Tarrant County Association for the Blind Endowment Fund, Inc.
Fort Worth, Texas

We have audited the accompanying combined financial statements of Tarrant County Association for the Blind, Tarrant County Association for the Blind Endowment Trust, and Tarrant County Association for the Blind Endowment Fund, Inc. (collectively, the "Organization"), which comprise the combined statements of financial position as of December 31, 2015 and 2014 restated and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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 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 audit 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.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Tarrant County Association for the Blind, Tarrant County Association for the Blind Endowment Trust, and Tarrant County Association for the Blind Endowment Fund, Inc. as of December 31, 2015 and 2014 restated, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information on pages 23 through 25 is presented for purposes of additional analysis of the combined financial statements and is not a required part of the combined financial statements. This information is the responsibility of management of the Organization and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Emphasis of Matter

As discussed in Note 16 to the combined financial statements, the 2014 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

BDO USA, LLP

Fort Worth, Texas
March 23, 2016

Combined Financial Statements

Tarrant County Association for the Blind,
Tarrant County Association for the Blind Endowment Trust, and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statements of Financial Position

December 31,	**2015**	(Restated) 2014
Assets		
Cash and cash equivalents	**$ 691,611**	$ 1,097,132
Accounts receivable	**934,541**	1,008,321
Prepaid expenses	**19,473**	42,623
Inventory	**643,510**	3,191,955
Customer lists, net	**63,211**	813,406
Beneficial interest in charitable trusts	**2,083,347**	2,188,602
Investments	**8,255,369**	9,350,764
Land, building and equipment, net	**2,368,478**	2,726,464
Total assets	**$ 15,059,540**	$ 20,419,267
Liabilities and Net Assets		
Liabilities		
Accounts payable	**$ 360,518**	$ 690,605
Accrued expenses	**91,882**	130,175
Notes payable	**805,769**	1,206,295
Total liabilities	**1,258,169**	2,027,075
Commitments and contingencies		
Net assets		
Unrestricted	**1,979,650**	6,732,163
Temporarily restricted	**2,313,484**	2,332,581
Permanently restricted	**9,508,237**	9,327,448
Total net assets	**13,801,371**	18,392,192
Total liabilities and net assets	**$ 15,059,540**	$ 20,419,267

See accompanying notes to combined financial statements.

Tarrant County Association for the Blind,
Tarrant County Association for the Blind Endowment Trust, and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statements of Activities

Year Ended December 31,	2015				(Restated) 2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Other Support								
Sales to the public								
Sales	**$ 12,552,075**	**$ -**	**$ -**	**$ 12,552,075**	$ 13,387,344	$ -	$ -	$ 13,387,344
Cost of sales	**(9,517,771)**	**-**	**-**	**(9,517,771)**	(9,250,189)	-	-	(9,250,189)
Net profit from sales to the public	**3,034,304**	**-**	**-**	**3,034,304**	4,137,155	-	-	4,137,155
Public support	**247,697**	**177,355**	**1,600**	**426,652**	293,610	64,964	2,264	360,838
Interest and dividend income	**29**	**412,669**	**-**	**412,698**	113	343,929	-	344,042
Net realized and unrealized gains (losses)	**(1,203,353)**	**(47,337)**	**179,189**	**(1,071,501)**	-	(141,423)	192,427	51,004
Change in value of beneficial interest in trusts	**(35,773)**	**-**	**-**	**(35,773)**	42,795	-	-	42,795
Program service revenues	**999**	**-**	**-**	**999**	3,362	-	-	3,362
Other (loss) revenue, net	**(291,293)**	**-**	**-**	**(291,293)**	231,190	-	-	231,190
Release of restrictions	**561,784**	**(561,784)**	**-**	**-**	512,707	(512,707)	-	-
Total public support and revenue	**2,314,394**	**(19,097)**	**180,789**	**2,476,086**	5,220,932	(245,237)	194,691	5,170,386
Expenses								
Program services								
Production and products	**4,989,312**	**-**	**-**	**4,989,312**	3,799,495	-	-	3,799,495
Community awareness	**92,222**	**-**	**-**	**92,222**	78,497	-	-	78,497
Other	**525,502**	**-**	**-**	**525,502**	536,052	-	-	536,052
Total program services	**5,607,036**	**-**	**-**	**5,607,036**	4,414,044	-	-	4,414,044
Support services								
Fundraising	**162,498**	**-**	**-**	**162,498**	138,869	-	-	138,869
Management and general	**1,297,373**	**-**	**-**	**1,297,373**	1,336,788	-	-	1,336,788
Total expenses	**7,066,907**	**-**	**-**	**7,066,907**	5,889,701	-	-	5,889,701
Change in net assets	**(4,752,513)**	**(19,097)**	**180,789**	**(4,590,821)**	(668,769)	(245,237)	194,691	(719,315)
Net assets at beginning of year	**6,732,163**	**2,332,581**	**9,327,448**	**18,392,192**	7,400,932	2,577,818	9,132,757	19,111,507
Net assets at end of year	**$ 1,979,650**	**$ 2,313,484**	**$ 9,508,237**	**$ 13,801,371**	$ 6,732,163	$ 2,332,581	$ 9,327,448	$ 18,392,192

See accompanying notes to combined financial statements.

Tarrant County Association for the Blind and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statement of Functional Expenses

Year Ended December 31,			2015				
	Production and Products	Community Awareness	Other	Total Program Service	Fundraising	Management and General	Total
Cost of sales allocated to program function	$ 4,607,234	$ -	$ -	$ 4,607,234	$ -	$ -	$ 4,607,234
Salaries and related	218,298	26,528	242,553	487,379	48,511	822,408	1,358,298
Depreciation and amortization	89,729	-	258,609	348,338	-	65,257	413,595
Professional fees and contract services	-	-	-	-	-	203,141	203,141
Other	10,907	34,180	-	45,087	59,304	14,269	118,660
Supplies	29,311	31,256	4,885	65,452	54,234	117,243	236,929
Utilities	8,335	-	9,525	17,860	-	29,766	47,626
Insurance	20,486	-	4,966	25,452	-	15,309	40,761
Maintenance	5,012	-	78	5,090	-	6,834	11,924
Transportation	-	214	4,691	4,905	372	12,898	18,175
Dues and subscriptions	-	-	-	-	-	2,910	2,910
Conference and convention fees	-	44	-	44	77	2,718	2,839
Postage	-	-	195	195	-	4,620	4,815
Total expenses	$ 4,989,312	$ 92,222	$ 525,502	$ 5,607,036	$ 162,498	$ 1,297,373	$ 7,066,907

See accompanying notes to combined financial statements.

Tarrant County Association for the Blind,
Tarrant County Association for the Blind Endowment Trust, and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statement of Functional Expenses

Year Ended December 31,	(Restated) 2014						
	Production and Products	Community Awareness	Other	Total Program Service	Fundraising	Management and General	Total
Cost of sales allocated to program function	$ 3,399,784	$ -	$ -	$ 3,399,784	$ -	$ -	$ 3,399,784
Salaries and related	234,738	28,526	260,820	524,084	52,164	884,345	1,460,593
Depreciation and amortization	99,837	-	249,823	349,660	-	72,608	422,268
Professional fees and contract services	-	-	-	-	-	174,161	174,161
Other	-	22,085	-	22,085	38,238	4,100	64,423
Supplies	25,646	27,435	4,288	57,369	47,686	102,911	207,966
Utilities	8,993	-	10,278	19,271	-	32,120	51,391
Insurance	22,693	-	5,501	28,194	-	18,619	46,813
Maintenance	7,804	-	-	7,804	-	10,984	18,788
Transportation	-	240	5,262	5,502	417	14,470	20,389
Dues and subscriptions	-	-	-	-	-	3,754	3,754
Conference and convention fees	-	211	-	211	364	12,873	13,448
Printing	-	-	-	-	-	3,946	3,946
Postage	-	-	80	80	-	1,897	1,977
Total expenses	$ 3,799,495	$ 78,497	$ 536,052	$ 4,414,044	$ 138,869	$ 1,336,788	$ 5,889,701

See accompanying notes to combined financial statements.

Tarrant County Association for the Blind,
Tarrant County Association for the Blind Endowment Trust, and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statements of Cash Flows

Years Ended December 31,	**2015**	(Restated) 2014
Cash flows from operating activities		
Change in net assets	**$ (4,590,821)**	$ (719,315)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions to permanently restricted endowments	**(1,600)**	(2,264)
Depreciation allocated to cost of sales	**95,170**	104,482
Other depreciation	**176,737**	198,053
Amortization expense	**236,858**	224,215
(Gain) loss on disposal of property and equipment	**(1,833)**	8,677
Impairment of customer lists	**513,337**	-
Net realized and unrealized loss (gain) on investments	**1,071,501**	(51,004)
Change in value of beneficial interest in charitable trusts	**35,773**	(42,795)
Changes in operating assets and liabilities net of effects of acquisition of company:		
(Increase) decrease in assets:		
Accounts receivable	**73,780**	(271,758)
Inventory	**2,548,445**	238,574
Prepaid expenses	**23,150**	(10,478)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**(368,380)**	573,603
Net cash (used in) provided by operating activities	**(187,883)**	249,990
Cash flows from investing activities		
Purchases of equipment	**(32,870)**	(52,934)
Proceeds from the sale of equipment	**120,779**	-
Proceeds from sale or redemption of investments	**2,536,669**	3,044,803
Purchase of investments	**(2,512,774)**	(3,036,634)
Distributions from beneficial interest in charitable trusts	**69,484**	136,653
Payment for purchase of acquired assets	**-**	(70,000)
Net cash provided by investing activities	**181,288**	21,888
Cash flows from financing activities		
Contributions to permanently restricted endowments	**1,600**	2,264
Principal payments of long term debt	**(400,526)**	(314,766)
Net cash used in financing activities	**(398,926)**	(312,502)
Net decrease in cash and cash equivalents	**(405,521)**	(40,624)
Cash and cash equivalents, beginning of year	**1,097,132**	1,137,756
Cash and cash equivalents, end of year	**$ 691,611**	$ 1,097,132
Supplemental cash flow information		
Interest paid	**$ 33,306**	$ 43,989

See accompanying notes to combined financial statements.

1. Summary of Significant Accounting Policies

Nature of Business and Basis of Combination

Tarrant County Association for the Blind (the "Association"), a nonprofit organization located in Fort Worth, Texas, administers vocational rehabilitation and social programs designed to provide blind and visually impaired individuals with the skills and training they need to enhance their independence. The Association manufactures and assembles corrugated shipping containers and various other products, employing visually impaired individuals who have been trained to work in an assembly line process.

Tarrant County Association for the Blind Endowment Trust (the "Endowment Trust") was an irrevocable trust and serves as a permanent endowment exclusively for the benefit of Tarrant County Association for the Blind. In August 2014, the Endowment Trust was terminated and all of its assets were transferred to the Tarrant County Association for the Blind Endowment Fund, Inc. (the "Endowment Fund"). The Endowment Fund is a 501(c)(3) Texas nonprofit corporation created in 2014 to benefit the Association as an endowment fund. A majority of the board of directors of the Endowment Trust and Endowment Fund are elected by the Association's board of directors, with remaining members independently elected. Therefore, the accompanying combined financial statements include the accounts of the Association, the Endowment Trust, and the Endowment Fund (collectively, the "Organization"). All intercompany transactions and balances have been eliminated in combination.

Major programs of the organization include the following:

Production and Products includes the manufacturing and distribution of various products with at least 75% blind or legally blind employees. As of December 31, 2015 and 2014, approximately 89% and 85%, respectively, of the direct labor is blind or legally blind.

Other programs include various projects and programs consistent with the mission of the organization, including assisting individuals with the adjustment to vision loss through programs and services that maximize personal independence, training a person with vision loss to learn to safely navigate their environment and to accomplishing daily living activities, and providing various supportive services to individuals with vision loss and their families.

Financial Statement Presentation

The Organization reports information regarding its combined financial position and activities according to three classes of net assets:

Unrestricted Net Assets –

Net assets that are generally not subject to donor imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the board of directors. Contributions received with time and/or purpose restrictions which are fulfilled in the same period are classified as unrestricted.

Temporarily Restricted Net Assets –

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets –

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues and support 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, the Endowment Trust agreement, or by law.

Cash Equivalents

For purposes of combined financial statement presentation, the Organization considers all highly liquid investments with initial maturity of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

The Organization extends credit to most customers who wish to purchase products on account. The terms are normally net 30 days. Accounts receivable are reported at uncollected balances, net of an allowance for doubtful accounts, if necessary. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on a review of the status of individual customer account balances and historic collection results. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of December 31, 2015 and 2014, no allowance for doubtful accounts exist because management has concluded substantially all accounts receivable are collectible.

Inventory

Inventory consists of finished goods and raw materials and is stated at the lower of cost or market. Cost is determined by the standard cost method, and market represents the lower of replacement cost or net realizable value.

Customer Lists

Customer lists purchased by the Organization as part of business acquisitions are stated at cost less accumulated amortization. Amortization is recognized on a straight line basis over five years. Customer lists are evaluated for impairment on an annual basis.

Beneficent Interest in Charitable Trusts

The Organization is party to various types of split interest agreements. The Organization recognizes in the combined statements of financial position the fair value of the portions of the trusts for which the Organization is the irrevocable beneficiary.

Investments

The Organization records all investments with readily determinable market values at fair value in the combined statements of financial position.

Land, Building and Equipment

Land, building and equipment are stated at cost (for purchased assets) or fair value at the date of contribution (for contributed assets) less accumulated depreciation on buildings and equipment. Expenditures for replacements and major improvements are capitalized if cost exceeds $5,000. Expenditures for repairs, maintenance, and routine replacements are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation, if any, are eliminated from the accounts; any resulting gain or loss is included in unrestricted net assets.

The Organization provides for depreciation on buildings and equipment using the straight line method over the estimated useful lives of the assets, ranging from three to thirty-nine years.

Long Lived Assets

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 360 *Accounting for the Impairment of Long-Lived Assets* at each combined statement of financial position date, management assesses whether there has been permanent impairment in the value of the long-lived assets, including building and equipment and customer lists. The existence of any such impairment is determined by comparing anticipated undiscounted future cash flows from operating activities with the associated carrying value of the assets. The factors considered by management in performing this assessment include operating results, trends and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. The amount of any such impairment is determined by comparing the discounted future cash flows noted above with the associated carrying value of the assets. As of December 31, 2015 and 2014, the Organization has not identified any impairment on building and equipment assets.

Donated Materials and Services

Various individuals volunteer their time to assist the Organization. However, these services do not meet the requirements of FASB ASC topic 958 *Not-for-Profit Entities Revenue Recognition* and, therefore, are not included in the combined financial statements. Donated materials and services meeting the requirements of this ASC topic were not material during the year ended December 31, 2015 and 2014.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the combined statements of activities and combined statements of functional expenses. Accordingly, certain costs, such as payroll and occupancy costs, are allocated among the programs and supporting services benefited based on employee time records, space use, and other factors.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales.

Use of Estimates

Management uses estimates and assumptions in preparing the combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues, support and expenses. Significant estimates used in preparing these combined financial statements include those assumed in recording depreciation, the realizable value of accounts receivable, the realizable value of inventory, fair value of beneficial interest in charitable remainder trusts, those assumed in recording amortization, and allocation of expenses by function.

Allocation of expense by function also includes an allocation of cost of sales to program expense reported as “cost of sales attributable to program function” on statements of functional expenses for the portion of cost estimated to be attributable to fulfillment of the Organization’s mission. Prior to 2015, management based this estimate on an annual review of direct labor costs, consideration of changes within the Organization, benchmarking and other factors. In 2015, Management began allocating based on the percent of employees in the sales, manufacturing, production and warehousing functions who are blind or legally blind.

Income Taxes

The Association, Endowment Trust, and Endowment Fund are nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code and are exempt from income taxes. For the years ended December 31, 2015 and 2014, none of the entities conducted any unrelated business activities that would be subject to federal income taxes. Therefore, no tax provision or liability has been reported in the accompanying combined financial statements.

The Organization follows the provisions of the FASB ASC topic 740 *Accounting for Uncertainty in Income Taxes*. Under this ASC topic, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Organization does not believe there are any unrecognized tax benefits that should be recorded.

For the years ended December 31, 2015 and 2014, there were no interest or penalties recorded or included in the statements of activities related to taxes. The Organization is not under examination for tax purposes by any jurisdiction. Tax years 2012 through present are subject to examination.

Fair Value of Financial Instruments

The Organization's significant financial instruments include cash and accounts receivable, which have carrying values that approximate their fair values due to the short maturities of those assets. Financial instruments of the Organization also include beneficial interest in charitable trusts and investments, which are all stated at their approximate fair values as further described below in Notes 3, 4 and 11. Notes payable are financial instruments which are stated at their approximate fair values based on the applicable interest rates which approximate currently available rates.

Acquisitions and Business Combinations

The Organization recognizes the identifiable assets acquired through business combinations or asset purchases as well as the liabilities assumed, if applicable, at fair value at the acquisition date.

Revenue and Support Recognition

The Organization recognizes revenue on sales upon delivery of product to customers. Program service revenues are recognized as services are provided. Public support, including contributions and grants, are recognized when unconditional promises to give are received. Conditional promises to give are not recorded until the condition has been met.

Reclassifications

Certain 2014 balances have been reclassified to conform to the 2015 presentation.

2. Inventory

At December 31, 2015, inventory consisted of the following major product categories:

	Finished Goods	Raw Materials	Total
Boxes	$ 52,319	$ 125,699	$ 178,018
Drug kits	151,267	525	151,792
Paper	34,825	55,236	90,061
Allocated production overhead and other	67,894	21,591	89,485
Specialty items	42,413	14,612	57,025
Machine Shop	28,214	12,014	40,228
Tubes	-	28,428	28,428
Energy Pads	5,214	3,259	8,473
	$ 382,146	$ 261,364	$ 643,510

At December 31, 2014, inventory consisted of the following major product categories:

	Finished Goods	Raw Materials	Total
Flares	$ 255,169	$ 2,058,399	$ 2,313,568
Paper	103,612	103,230	206,842
Boxes	57,807	145,416	203,223
Drug kits	73,533	15,304	88,837
Allocated production overhead and other	67,894	14,857	82,751
Machine Shop	40,128	32,948	73,076
Coffee	9,425	60,588	70,013
Specialty items	49,426	15,065	64,491
Bottling	10,210	44,433	54,643
Tubes	1,390	16,524	17,914
Energy Pads	5,551	11,046	16,597
	$ 674,145	$ 2,517,810	$ 3,191,955

3. Beneficial Interest in Charitable Trusts

The Organization has been named as a beneficiary of several charitable trusts.

December 31,	**2015**	2014
The Organization is named as a 20% beneficiary of an irrevocable charitable trust created by an individual's estate. The Organization recognized on the combined statements of financial position 20% of the fair value of the trust.	**$ 1,163,382**	$ 1,200,845
The Organization is named as a 50% beneficiary of an irrevocable charitable trust created by an individual's estate. The Organization recognized on the combined statements of financial position 50% of the fair value of the trust.	**748,394**	806,134
The Organization is named as a 16.67% beneficiary of an irrevocable charitable trust created by an individual's estate. The Organization recognized on the combined statements of financial position 16.67% of the fair value of the trust.	**117,162**	124,754

The Organization is named as a beneficiary of a charitable remainder trust created by an individual's estate. The charitable remainder trust provides for the payment of distributions based on the value of trust assets to the grantor or other designated beneficiaries over the trust's term. At the end of the trust's term, which is based on the life spans of other individual beneficiaries, the remaining assets are available for the Organization's use. The Organization recognized on the combined statements of financial position its remainder interest based upon the estimated present value of the assets in the trust. Included in the calculation of present value is a 3% annual growth rate on trust assets, 7% annual payout rate to other beneficiaries, and present value discount calculated using a 5% rate.	**54,409**	56,869
	$ 2,083,347	$ 2,188,602

4. Investments

The fair value, cost and unrealized gain/loss on investments as of December 31, is summarized as follows:

	2015	2014
Fixed income AAA rated securities	**$ 2,893**	$ 28,278
Equity securities	**291,609**	527,373
Mutual funds	**7,960,867**	8,795,113
Total fair value	**8,255,369**	9,350,764
Less cost	**(9,508,524)**	(9,372,594)
Unrealized loss	**$ (1,253,155)**	$ (21,830)

A reconciliation of unrealized depreciation during the year ended December 31 is as follows:

	2015	2014
Unrealized (loss) gain at beginning of the year	**$ (21,830)**	$ 57,076
Unrealized loss on investments	**(1,231,325)**	(78,906)
Unrealized loss at end of year	**$ (1,253,155)**	$ (21,830)

Investment income (loss) for the year ended December 31 is summarized as follows:

	2015	2014
Unrealized loss on investments	$ (1,231,325)	$ (78,906)
Realized gain on investments	159,824	129,910
	(1,071,501)	51,004
Interest and dividend income	412,698	344,042
Investment (loss) income	$ (658,803)	$ 395,046

5. Endowment

The Association's endowment consists of a single donor restricted fund held by the Endowment Trust until August 2014 and then by the Endowment Fund. The endowment is administered by a Board of Trustees who are appointed by the Association's Board of Directors.

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The boards of the Endowment Trust and Endowment Fund have interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Also, the Endowment Trust agreement stated that realized gains and losses on endowed assets, as well as any other earnings not used within one (1) year, are to be added to the corpus as permanently restricted, absent explicit donor stipulations to the contrary.

As a result of this interpretation and the Endowment Trust document, the Endowment Trust classified as permanently restricted net assets the original value of gifts donated to the permanent endowments and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund. Realized gains and losses were accumulated into the permanent endowment unless a donor stipulation requires otherwise. Other earnings on endowment investments were classified as temporarily restricted net assets until the amounts were appropriated for expenditure, at which time they were reclassified as unrestricted net assets. Amounts not appropriated within one (1) year were reclassified as permanently restricted. Net unrealized losses, if any, on endowment related investments were classified as unrestricted net assets. Net unrealized gains, if any, on endowment related investments were classified as temporarily restricted.

As a result of the interpretation of TUPMIFA, the Endowment Fund classifies as permanently restricted net assets the original value of gifts donated to the permanent endowments and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund. Other earnings on endowment investments are classified as temporarily restricted net assets until the amounts are appropriated for expenditure, at which time they are reclassified as unrestricted net assets. Net realized and unrealized losses, if any, on endowment related investments are classified as unrestricted net assets. Net realized and unrealized gains, if any, on endowment related investments are classified as temporarily restricted.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for the Association while also maintaining the purchasing power of those endowment assets over the long-term. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which meets the annual distribution with acceptable levels of risk.

Endowment assets are invested in a diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Because actual investment returns in any given year vary, the Organization reviews investment returns throughout the year in conjunction with authorizing distributions to ensure the distributions do not liquidate the underlying endowment assets.

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or TUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $1,203,353 and $0 and December 31, 2015 and 2014, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred during 2015.

Endowment net asset composition by type of fund, and the related change in net assets for the year is as follows as of December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ -	$ 63,366	$ 9,327,448	$ 9,390,814
Contributions	-	-	1,600	1,600
Unrealized losses	(1,203,353)	(47,337)	-	(1,250,690)
Realized gains	-	-	179,189	179,189
Interest and dividend income	-	412,669	-	412,669
Amounts appropriated for expenditure	428,698	(428,698)	-	-
Amounts expended	(428,698)	-	-	(428,698)
Endowment net assets, end of year	$ (1,203,353)	$ -	$ 9,508,237	$ 8,304,884

Endowment net asset composition by type of fund, and the related change in net assets for the year is as follows as of December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ -	$ 251,772	$ 9,132,757	$ 9,384,529
Contributions	-	-	2,264	2,264
Unrealized losses	-	(78,906)	-	(78,906)
Realized (losses) gains	-	(62,517)	192,427	129,910
Investment and dividend income	-	343,929	-	343,929
Amounts appropriated for expenditure	390,912	(390,912)	-	-
Amounts expended	(390,912)	-	-	(390,912)
Endowment net assets, end of year	$ -	$ 63,366	$ 9,327,448	$ 9,390,814

6. Land, Building and Equipment

A summary of land, building and equipment by major classification is as follows:

December 31,	**2015**	2014
Land	**$ 443,271**	$ 443,271
Buildings and improvements	**3,198,593**	3,198,593
Equipment and furniture	**2,121,583**	2,340,550
Autos and trucks	**19,300**	30,324
Construction in progress	**24,361**	-
	5,807,108	6,012,738
Less – accumulated depreciation	**(3,438,630)**	(3,286,274)
	$ 2,368,478	$ 2,726,464

7. Line of Credit

The Organization had a $3,000,000 revolving credit agreement with a local financial institution that matured in April 2014. Interest was due monthly on the outstanding balance at a rate which is the lower of 3.25% and the Wall Street Prime Rate. The Organization did not use the line of credit in 2014 and it was not renewed upon maturity.

8. Notes Payable

The Organization has a note payable to a bank with monthly installments of approximately $30,000 including principal and interest equal to an annual fixed interest rate of 3.32%, collateralized by real estate and due in April of 2018.

The Organization issued a note payable in 2014 to an individual in association with the asset purchase described in Note 14. The note called for three payments of $25,000 each, quarterly, beginning January 2015. The note was interest free and was paid in full in 2015.

Debt maturities at December 31, 2015 are as follows:

2016	$	337,548
2017		348,683
2018		119,538
Total notes payable	$	805,769

9. Thrift Plan

The Organization has a 403(b) Thrift Plan (the "Plan"). The Plan is a voluntary retirement savings plan that allows pre-tax contributions from the employees' salaries. To be eligible, employees must work 20 hours or more per week. All employees are eligible to receive employer matching contributions. There is no minimum age or service requirement to make salary reduction contributions to the Plan; however, participants must be at least 21 years of age and complete one year of service to receive employer matching contributions under the Plan. Employees are allowed to contribute up to the maximum percentage allowed by the law.

The Organization matches contributions up to 3% of the employee's contribution. Also, an additional 3% of annual compensation is contributed by the Organization whether the employee is participating in the Plan or not.

During the years ended December 31, 2015 and 2014, the Organization made contributions to the Plan of $117,724 and $122,539, respectively, which is included as salary and related expense in the accompanying combined statements of activities. The Plan vests over a period of five years, with the employee entitled to a various percentage of employer contributions each year.

The vesting schedule is as follows:

Years of Service	Vesting
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5 or more	100%

Forfeitures are the non-vested amounts in the accounts of participants who terminate employment. Each year, if there are any forfeitures, they are used first to pay certain plan expenses. Any amount of forfeitures remaining will be used to reduce future contributions to the Plan.

If the Plan is terminated, affected participants become fully vested. The Organization has no intentions of terminating the Plan as of the date these combined financial statements were issued.

10. Concentrations

Concentrations which pose potential risks to the Organization consist of cash, investments, accounts receivables, and sales.

The Organization places its cash in quality financial institutions. At times, cash balances may exceed federally insured limits. Investments, including cash balances held in investment accounts, are subject to market risk. Management maintains a diversified investment portfolio in an attempt to minimize this risk.

In the normal course of business, the Organization grants credit to its customers. Two customers comprise approximately 71% of the Organization's sales to the public for the years ended December 31, 2015 and 2014.

Three customers comprise 64% and 61% of the Organization's accounts receivable balance at December 31, 2015 and 2014, respectively.

11. Fair Value Measurements

FASB guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under this guidance are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Assets measured at fair value on a recurring basis include investments and the interest in charitable trusts. Investments consist of equity securities, fixed income securities, and mutual funds. Following is a description of the valuation methodologies used for assets measured at fair value for 2015 and 2014. There have been no changes in the methodologies used for 2015 and 2014.

Equity Securities, Fixed Income Securities and Mutual Funds: The fair values of these investments are based on quoted market price and are classified in level 1 of the fair value hierarchy.

Beneficial Interest in Charitable Trusts: While the underlying assets of the trusts are all actively traded, the fair value for the Organization is based in part on estimates of future cash flows and present value discount rates and is classified in level 3 of the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015.

	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trusts	**$ -**	**$ -**	**$ 2,083,347**	**$ 2,083,347**
Fixed income securities	**2,893**	**-**	**-**	**2,893**
Equity securities	**291,609**	**-**	**-**	**291,609**
Mutual funds	**7,960,867**	**-**	**-**	**7,960,867**
Total assets at fair value	**$ 8,255,369**	**$ -**	**$ 2,083,347**	**$ 10,338,716**

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2014.

	Level 1	Level 2	Level 3	Total
Beneficial interest in charitable trusts	$ -	$ -	$ 2,188,602	$ 2,188,602
Fixed income securities	28,278	-	-	28,278
Equity securities	527,373	-	-	527,373
Mutual funds	8,795,113	-	-	8,795,113
Total assets at fair value	$ 9,350,764	$ -	$ 2,188,602	$ 11,539,366

12. Inventory Obsolescence

During 2015, after negotiations and discussions with the vendor and exploring sale options, flare inventory was determined to be defective and unsellable. Accordingly, inventory impairment expense of approximately $2,312,000 was recorded to cost of sales.

13. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	2015	2014
Amounts related to the endowment	$ -	$ 63,366
Time restriction – charitable trusts	2,083,347	2,188,602
Other	230,137	80,613
	$ 2,313,484	$ 2,332,581

14. Asset Acquisition

On September 1, 2014, the Organization acquired substantially all of the assets of another entity (Eco-Packaging) located in Fort Worth, Texas. Eco-Packaging was a package manufacturer, and the Organization has acquired the assets for the purpose of training and employing blind or legally blind labor. On April 30, 2013, the Organization acquired substantially all of the assets of another entity (FW Hall Industries, Inc.) located in Fort Worth, Texas. FW Hall Industries, Inc. was a machine shop, and the Organization has acquired the assets for the purpose of training and employing blind or legally blind labor in the machine shop's operations.

The approximate fair value of assets acquired as of the acquisition dates were as follows:

December 31,	2014
Customer list	$ 84,282
Inventory	20,718
Equipment	40,000
	$ 145,000

For 2014, the Organization purchased the assets with $70,000 in cash and a note payable for $75,000 reflected in Note 8.

15. Customer Lists

The Organization's customer lists were acquired in 2014 and 2013 and consist of the following:

	2015	2014
Machine shop customer list	$ 1,100,007	$ 1,100,007
Packaging customer list	84,282	84,282
Less accumulated amortization	(607,741)	(370,883)
Less impairment	(513,337)	-
Net book value	$ 63,211	$ 813,406

Management reviewed the customer lists in 2015 and determined the machine shop customer list was impaired based on an analysis of sales and profit (loss) in 2015 and 2014 resulting from the customer list acquired in 2014. The impairment was $513,337 and is included as part of other income (loss) on the combined statements of activities.

16. Restatement

The Organization determined during 2015 that it failed to include three charitable trusts which were irrevocable gifts made prior to 2014.

The resulting correction made to net asset balances prior to 2014 is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets as of December 31,2013 as originally reported	$ 7,400,932	$ 438,126	$ 9,132,757	$ 16,971,815
Adjustment to include three improperly excluded charitable trusts	-	2,139,692	-	2,139,692
Net assets as of December 31, 2013 as restated	$ 7,400,932	$ 2,577,818	$ 9,132,757	$ 19,111,507

The resulting correction made to net asset balances in 2014 is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets as of December 31, 2014 as originally reported	$ 6,732,163	$ 200,848	$ 9,327,448	$ 16,260,459
Beginning net asset adjustment above	-	2,139,692	-	2,139,692
2014 change in value of interest in charitable trusts	-	(7,959)	-	(7,959)
Net assets as of December 31, 2014 as restated	$ 6,732,163	$ 2,332,581	$ 9,327,448	$ 18,392,192

17. Subsequent Events

The date to which events occurring after December 31, 2015, the date of the most recent combined statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is March 23, 2016, which is the date on which the financial statements were available to be issued.

Supplemental Information

Tarrant County Association for the Blind,
Tarrant County Association for the Blind Endowment Trust, and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combining Statements of Financial Position

December 31,	2015			(Restated) 2014		
	Association	**Endowment Fund**	**Combined**	Association	Endowment Fund	Combined
Assets						
Cash and cash equivalents	$ 682,987	$ 8,624	$ 691,611	$ 1,077,616	$ 19,516	$ 1,097,132
Accounts receivable	927,928	6,613	934,541	998,167	10,154	1,008,321
Intercompany receivable (payable)	(34,278)	34,278	-	(10,380)	10,380	-
Prepaid expenses	19,473	-	19,473	42,623	-	42,623
Inventory	643,510	-	643,510	3,191,955	-	3,191,955
Customer lists, net	63,211	-	63,211	813,406	-	813,406
Beneficial interest in charitable trusts	2,083,347	-	2,083,347	2,188,602	-	2,188,602
Investments	-	8,255,369	8,255,369	-	9,350,764	9,350,764
Land, building and equipment, net	2,368,478	-	2,368,478	2,726,464	-	2,726,464
Total assets	$ 6,754,656	$ 8,304,884	$ 15,059,540	$ 11,028,453	$ 9,390,814	$ 20,419,267
Liabilities and Net Assets						
Liabilities						
Accounts payable	$ 360,518	$ -	$ 360,518	$ 690,605	$ -	$ 690,605
Accrued expenses	91,882	-	91,882	130,175	-	130,175
Note payable	805,769	-	805,769	1,206,295	-	1,206,295
Total liabilities	1,258,169	-	1,258,169	2,027,075	-	2,027,075
Commitments and contingencies						
Net Assets						
Unrestricted	3,183,003	(1,203,353)	1,979,650	6,732,163	-	6,732,163
Temporarily restricted	2,313,484	-	2,313,484	2,269,215	63,366	2,332,581
Permanently restricted	-	9,508,237	9,508,237	-	9,327,448	9,327,448
Total net assets	5,496,487	8,304,884	13,801,371	9,001,378	9,390,814	18,392,192
Total liabilities and net assets	$ 6,754,656	$ 8,304,884	$ 15,059,540	$ 11,028,453	$ 9,390,814	$ 20,419,267

See accompanying notes to the combined financial statements

Tarrant County Association for the Blind and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statement of Activities

Year Ended December 31,	2015								
	Association			Endowment Fund					
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Elimination Entries	Combined Total
Revenue and other support									
Sales to the public									
Sales	$ 12,552,075	$ -	$ 12,552,075	$ -	$ -	$ -	$ -	$ -	$ 12,552,075
Cost of sales	(9,517,771)	-	(9,517,771)	-	-	-	-	-	(9,517,771)
Net profit from sales to the public	3,034,304	-	3,034,304	-	-	-	-	-	3,034,304
Public support	611,301	177,355	788,656	-	-	1,600	1,600	(363,604)	426,652
Interest and dividend income	29	-	29	-	412,669	-	412,669	-	412,698
Net realized and unrealized gains (losses)	-	-	-	(1,203,353)	(47,337)	179,189	(1,071,501)	-	(1,071,501)
Change in value of beneficial interest in trusts	(35,773)	-	(35,773)	-	-	-	-	-	(35,773)
Program service revenues	999		999	-	-	-	-	-	999
Other losses, net	(291,293)	-	(291,293)	-	-	-	-	-	(291,293)
Release of restrictions	133,086	(133,086)	-	428,698	(428,698)	-	-	-	-
Total public support and revenue	3,452,653	44,269	3,496,922	(774,655)	(63,366)	180,789	(657,232)	(363,604)	2,476,086
Expenses									
Program services									
Production and products	4,989,312	-	4,989,312	-	-	-	-	-	4,989,312
Community awareness	92,222	-	92,222	-	-	-	-	-	92,222
Other	525,502	-	525,502	363,604	-	-	363,604	(363,604)	525,502
Total program services	5,607,036	-	5,607,036	363,604	-	-	363,604	(363,604)	5,607,036
Support services									
Fundraising	162,498	-	162,498	-	-	-	-	-	162,498
Management and general	1,232,279	-	1,232,279	65,094	-	-	65,094	-	1,297,373
Total expenses	7,001,813	-	7,001,813	428,698	-	-	428,698	(363,604)	7,066,907
Change in net assets	(3,549,160)	44,269	(3,504,891)	(1,203,353)	(63,366)	180,789	(1,085,930)	-	(4,590,821)
Net assets at beginning of year	6,732,163	2,269,215	9,001,378	-	63,366	9,327,448	9,390,814	-	18,392,192
Net assets at end of year	$ 3,183,003	$ 2,313,484	$ 5,496,487	$ (1,203,353)	-	$ 9,508,237	$ 8,304,884	$ -	$ 13,801,371

See accompanying notes to the combined financial statements

Tarrant County Association for the Blind and
Tarrant County Association for the Blind Endowment Fund, Inc.

Combined Statement of Activities (Continued)

Year Ended December 31	(Restated) 2014												
	Association			Endowment Fund				Endowment Trust					
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Elimination Entries	Combined Total
Revenue and other support													
Sales to the public													
Sales	$ 13,387,344	$ -	$13,387,344	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,387,344
Cost of sales	(9,250,189)	-	(9,250,189)	-	-	-	-	-	-	-	-	-	(9,250,189)
Net profit from sales to the public	4,137,155	-	4,137,155	-	-	-	-	-	-	-	-	-	4,137,155
Public support	636,536	64,964	701,500	-	735,297	9,327,448	10,062,745	-	-	2,064	2,064	(10,405,471)	360,838
Interest and dividend income	113	-	113	-	217,856	-	217,856	-	126,073	-	126,073	-	344,042
Net realized and unrealized gains (losses)	-	-	-	-	(522,015)	-	(522,015)	-	380,592	192,427	573,019	-	51,004
Change in value of beneficial interest in trusts	42,795	-	42,795	-	-	-	-	-	-	-	-	-	42,795
Program service revenues	3,362	-	3,362	-	-	-	-	-	-	-	-	-	3,362
Other revenue, net	231,190	-	231,190	-	-	-	-	-	-	-	-	-	231,190
Release of restrictions	121,795	(121,795)	-	367,772	(367,772)	-	-	10,085,685	(758,437)	(9,327,248)	-	-	-
Total public support and revenue	5,172,946	(56,831)	5,116,115	367,772	63,366	9,327,448	9,758,586	10,085,685	(251,772)	(9,132,757)	701,156	(10,405,471)	5,170,386
Expenses													
Program services													
Production and products	3,799,495	-	3,799,495	-	-	-	-	-	-	-	-	-	3,799,495
Community awareness	78,497	-	78,497	-	-	-	-	-	-	-	-	-	78,497
Other	536,052	-	536,052	342,926	-	-	342,926	10,062,545	-	-	10,062,545	(10,405,471)	536,052
Total program services	4,414,044	-	4,414,044	342,926	-	-	342,926	10,062,545	-	-	10,062,545	(10,405,471)	4,414,044
Support services													
Fundraising	138,869	-	138,869	-	-	-	-	-	-	-	-	-	138,869
Management and general	1,288,802	-	1,288,802	24,846	-	-	24,846	23,140	-	-	23,140	-	1,336,788
Total expenses	5,841,715	-	5,841,715	367,772	-	-	367,772	10,085,685	-	-	10,085,685	(10,405,471)	5,889,701
Change in net assets	(668,769)	(56,831)	(725,600)	-	63,366	9,327,448	9,390,814	-	(251,772)	(9,132,757)	(9,384,529)	-	(719,315)
Net assets at beginning of year	7,400,932	2,326,046	9,726,978	-	-	-	-	-	251,772	9,132,757	9,384,529	-	19,111,507
Net assets at end of year	$ 6,732,163	$ 2,269,215	$ 9,001,378	$ -	$ 63,366	$ 9,327,448	$ 9,390,814	$ -	$ -	$ -	$ -	$ -	$ 18,392,192

See accompanying notes to the combined financial statements