KEYSTONE BLIND ASSOCIATION

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2012 AND 2011

TOGETHER WITH INDEPENDENT AUDITORS' REPORT
AND SUPPLEMENTAL INFORMATION

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE BLIND ASSOCIATION

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Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

270 East Connelly Boulevard
Shenango Valley Freeway
Sharon, Pennsylvania 16146
724-981-7510
724-588-9840
724-342-1345 Fax
www.bbpcpa.com

John K. Williams, CPA
Frank J. Nagy, CPA, CGFM, CGMA
Alice F. Mattocks, CPA
Gregory J. Koch, CPA

Alan J. Porsch, CPA
Nancy J. Black, CPA
Ruth Ann Sholler, CPA
Jason E. Tomko, CPA, CGMA
Brenda L. McCall, CPA
Brandon J. Mirizio, CPA
Jack F. Kuchcinski, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Keystone Blind Association
1230 Stambaugh Avenue
Sharon, Pennsylvania 16146

Dear Board Members:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying statements of financial position of Keystone Blind Association (a non-profit organization) as of December 31, 2012 and 2011, and the related 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 FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Keystone Blind Association as of December 31, 2012 and 2011, 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.

OTHER MATTERS

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The budgetary information in Exhibit "C" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The accompanying supplemental schedules and related information identified as Exhibits "A" through "F" are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information (except for the budgetary information in Exhibit "C" discussed above) has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Black, Bashor & Porsch, LLP

Sharon, Pennsylvania
November 7, 2013

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2012 AND 2011

A S S E T S

	2012	2011
CURRENT ASSETS:-		
Cash and Cash Equivalents	$ 134,771	$ 168,375
Receivables -		
Trade	634,219	596,398
Grants	21,939	15,716
Promises to Give	12,653	19,038
Other	23,235	3,231
Inventory Net of Reserve	278,867	73,476
Prepaid Expenses	42,305	61,347
Due from (to) Affiliate	2,621	(11,264)
Due from (to) Subsidiary	6,490	8,825
TOTAL CURRENT ASSETS:-	$ 1,157,100	$ 935,142
NON-CURRENT ASSETS:-		
Investments at Fair Value	$ 723,669	$ 618,445
PROPERTY, BUILDINGS, AND EQUIPMENT:-		
Buildings	$ 685,031	$ 685,031
Equipment	896,151	772,838
Equipment Under Capital Lease	621,637	
Vehicles	413,096	328,258
	$ 2,615,915	$ 1,786,127
LESS: Accumulated Depreciation	(1,355,945)	(1,205,966)
NET PROPERTY, BUILDINGS, AND EQUIPMENT:-	$ 1,259,970	$ 580,161
TOTAL NON-CURRENT ASSETS:-	$ 1,983,639	$ 1,198,606
TOTAL ASSETS:-	$ 3,140,739	$ 2,133,748

L I A B I L I T I E S

	2012	2011
CURRENT LIABILITIES:-		
Lines-of-Credit	$ 297,735	$
Notes Payable	123,012	119,682
Capital Lease Obligation	89,156	
Accounts Payable	167,927	36,827
Accrued Payroll and Payroll Taxes	199,215	178,218
Accrued Vacation	51,554	51,600
Accrued Sales Tax	385	458
TOTAL CURRENT LIABILITIES:-	$ 928,984	$ 386,785
NON-CURRENT LIABILITIES:-		
Notes Payable	$ 147,852	$ 235,984
Capital Lease Obligation	482,121	
TOTAL NON-CURRENT LIABILITIES:-	$ 629,973	$ 235,984
COMMITMENTS AND CONTINGENCIES:-	$ 0	$ 0
TOTAL LIABILITIES:-	$ 1,558,957	$ 622,769
N E T A S S E T S		
Unrestricted	$ 1,569,129	$ 1,491,941
Temporarily Restricted	12,653	19,038
TOTAL NET ASSETS:-	$ 1,581,782	$ 1,510,979
TOTAL LIABILITIES AND NET ASSETS:-	$ 3,140,739	$ 2,133,748

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUES:-						
PUBLIC SUPPORT:-						
Contributions	$ 111,359	$	$ 111,359	$ 103,419	$	$ 103,419
United Way Allocations		58,737	58,737		80,630	80,630
TOTAL PUBLIC SUPPORT:-	$ 111,359	$ 58,737	$ 170,096	$ 103,419	$ 80,630	$ 184,049
OTHER REVENUES:-						
Program Service Fees	$ 48,056	$	$ 48,056	$ 53,844	$	$ 53,844
Grants	11,772	87,596	99,368	25,723	74,235	99,958
Sales, Net	6,938,408		6,938,408	6,781,448		6,781,448
Investment Return -						
Investment Income	17,617		17,617	14,910		14,910
Unrealized Gain (Loss) on Investments	58,793		58,793	(35,551)		(35,551)
Realized Gain (Loss) on Investments	10,207		10,207	(203)		(203)
Other Income	17,238		17,238	14,649		14,649
Management Fees	66,000		66,000	50,500		50,500
Equipment Rental Income	27,300		27,300	20,475		20,475
TOTAL OTHER REVENUES:-	$ 7,195,391	$ 87,596	$ 7,282,987	$ 6,925,795	$ 74,235	$ 7,000,030
NET ASSETS RELEASED FROM RESTRICTIONS:-						
Restrictions Satisfied by Time and Payments	$ 152,718	($ 152,718)	$ 0	$ 156,138	($ 156,138)	$ 0
TOTAL PUBLIC SUPPORT AND OTHER REVENUES:-	$ 7,459,468	($ 6,385)	$ 7,453,083	$ 7,185,352	($ 1,273)	$ 7,184,079
EXPENSES:-						
Program Services	$ 6,334,198	$	$ 6,334,198	$ 5,885,471	$	$ 5,885,471
Management and General	1,052,582		1,052,582	1,154,470		1,154,470
Fundraising	79,500		79,500	76,207		76,207
TOTAL EXPENSES:-	$ 7,466,280	$ 0	$ 7,466,280	$ 7,116,148	$ 0	$ 7,116,148
OTHER FINANCING SOURCES (USES):-						
Transfer from Subsidiary	$ 84,000	$ 0	$ 84,000	$ 105,000	$ 0	$ 105,000
TOTAL OTHER FINANCING SOURCES (USES):-	$ 84,000	$ 0	$ 84,000	$ 105,000	$ 0	$ 105,000
NET INCREASE (DECREASE) IN NET ASSETS:-	$ 77,188	($ 6,385)	$ 70,803	$ 174,204	($ 1,273)	$ 172,931
NET ASSETS AT BEGINNING OF YEAR:-	1,491,941	19,038	1,510,979	1,317,737	20,311	1,338,048
NET ASSETS AT END OF YEAR:-	$ 1,569,129	$ 12,653	$ 1,581,782	$ 1,491,941	$ 19,038	$ 1,510,979

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE BLIND ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES	SUPPORTING SERVICES: MANAGEMENT AND GENERAL	SUPPORTING SERVICES: FUNDRAISING	TOTAL
Salaries and Wages.........	$ 3,378,858	$ 44,822	$	$ 3,423,680
Employee Benefits..........	95,677	1,270		96,947
Payroll Taxes.............	253,441	3,429		256,870
TOTAL SALARIES AND RELATED EXPENSES:-	$ 3,727,976	$ 49,521	$ 0	$ 3,777,497
Management Fees...........	886,172	746,933	58,588	1,691,693
Professional Fees..........	2,253	27,153		29,406
Supplies..................	10,840	38,961		49,801
Purchases for Resale.......	474,499	125		474,624
Subcontractors.............	705,222	3,304		708,526
Telephone..................	46,796	11,006	896	58,698
Postage and Shipping.......	17,097	16,892	3,762	37,751
Occupancy..................	63,238	24,487		87,725
Insurance..................	63,877	12,490		76,367
Transportation.............	150,618	21,562		172,180
Education and Conferences..	12,244	2,906		15,150
Program Supplies...........	8,436			8,436
Organization Dues..........	2,702	2,759		5,461
Awards.....................	2,309	1,632		3,941
Other......................	7,281	19,811		27,092
Interest...................	20,308	15,975		36,283
Fundraising................			16,254	16,254
Penalties and Fees.........	5	8,314		8,319
Maintenance Agreements.....	6,310	9,781		16,091
Meals and Entertainment....	6,867	8,139		15,006
TOTAL EXPENSES BEFORE DEPRECIATION:-	$ 6,215,050	$ 1,021,751	$ 79,500	$ 7,316,301
DEPRECIATION OF BUILDINGS AND EQUIPMENT:-	119,148	30,831	0	149,979
TOTAL EXPENSES:-	$ 6,334,198	$ 1,052,582	$ 79,500	$ 7,466,280

The Accompanying Notes are an Integral Part of These Statements

KEYSTONE BLIND ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAM SERVICES	SUPPORTING SERVICES MANAGEMENT AND GENERAL	SUPPORTING SERVICES FUNDRAISING	TOTAL
Salaries and Wages.........	$ 3,226,047	$ 28,392	$	$ 3,254,439
Employee Benefits..........	120,825	1,047		121,872
Payroll Taxes..............	244,866	2,172		247,038
TOTAL SALARIES AND RELATED EXPENSES:-	$ 3,591,738	$ 31,611	$ 0	$ 3,623,349
Management Fees............	676,310	786,727	56,864	1,519,901
Professional Fees..........		40,226		40,226
Supplies...................	9,505	33,398	2,098	45,001
Purchases for Resale.......	458,233	62		458,295
Subcontractors.............	754,382	2,464		756,846
Telephone..................	46,642	14,421		61,063
Postage and Shipping.......	20,125	12,689	1,648	34,462
Occupancy..................	44,362	31,450		75,812
Insurance..................	89,850	19,882		109,732
Transportation.............	129,947	37,188	421	167,556
Education and Conferences..	6,077	1,324		7,401
Program Supplies...........	18,942			18,942
Organization Dues..........	4,500	4,180		8,680
Awards.....................		3,413		3,413
Other......................	4,910	41,960	400	47,270
Interest...................	4,530	18,739		23,269
Fundraising................			14,776	14,776
Penalties and Fees.........		4,632		4,632
Loss on Sale of Fixed Assets...................	7,891			7,891
TOTAL EXPENSES BEFORE DEPRECIATION:-	$ 5,867,944	$ 1,084,366	$ 76,207	$ 7,028,517
DEPRECIATION OF BUILDINGS AND EQUIPMENT:-	17,527	70,104	0	87,631
TOTAL EXPENSES:-	$ 5,885,471	$ 1,154,470	$ 76,207	$ 7,116,148

The Accompanying Notes are an Integral Part of These Statements

Black, Bashor & Porsch, LLP
CERTIFIED PUBLIC ACCOUNTANTS

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-		
CASH FLOWS FROM OPERATING ACTIVITIES -		
Net Sales Income Received	$ 6,984,587	$ 6,848,698
Cash Received from Public Support	176,481	185,322
Other Income Received	201,578	240,244
CASH PROVIDED BY OPERATING ACTIVITIES:-	$ 7,362,646	$ 7,274,264
Cash Paid for Operating Activities	(3,557,843)	(3,387,636)
Cash Paid for Payroll and Related Costs	(3,756,546)	(3,601,477)
Cash Paid for Interest Expense	(36,283)	(23,269)
NET CASH FLOWS FROM OPERATING ACTIVITIES:-	$ 11,974	$ 261,882
CASH FLOWS FROM FINANCING ACTIVITIES -		
Net Proceeds from (Repayment of) Lines-of-Credit	$ 297,735	$
Repayments on Notes Payable	(182,589)	(122,967)
Proceeds from Debt Issuance	47,427	127,265
NET CASH FLOWS FROM FINANCING ACTIVITIES:-	$ 162,573	$ 4,298
CASH FLOWS FROM INVESTING ACTIVITIES -		
Acquisition of Fixed Assets	($ 208,151)	($ 174,098)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:-	($ 33,604)	$ 92,082
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR:-	168,375	76,293
CASH AND CASH EQUIVALENTS AT END OF YEAR:-	$ 134,771	$ 168,375

	2012	2011
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:-		
Change in Net Assets	$ 70,803	$ 172,931
(Increase) Decrease in Receivables	(57,643)	(42,621)
(Increase) Decrease in Inventory	(205,391)	8,344
(Increase) Decrease in Prepaid Expenses	19,042	4,308
(Increase) Decrease in Due from Subsidiary	2,335	(8,312)
(Increase) Decrease in Investments	(105,224)	18,488
Increase (Decrease) in Accounts Payable	131,100	(26,341)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	20,977	14,640
Increase (Decrease) in Accrued Vacations	(46)	7,232
Increase (Decrease) in Accrued Taxes	(73)	61
(Increase) Decrease in Due from Affiliate	(13,885)	17,630
Loss on Disposal of Assets		7,891
Depreciation	149,979	87,631
NET CASH FLOWS FROM OPERATING ACTIVITIES:-	$ 11,974	$ 261,882

	2012	2011
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:-		
Disposal of Assets	$ 0	$ 23,542
Acquisition of Fixed Assets Under Capital Lease	$ 621,637	$ 0

The Accompanying Notes are an Integral Part of These Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BACKGROUND DATA AND INFORMATION

The Keystone Blind Association (Association) is a Pennsylvania private, non-profit corporation whose purpose is to prevent blindness and to maintain and improve the quality of life of the blind and handicapped. The Association provides a variety of services and employment opportunities to the blind and handicapped. Additionally, the Association is a member agency of the Pennsylvania Association for the Blind and a United Way agency.

During 2001, the Association created a wholly-controlled subsidiary, Keystone Independence Management (Subsidiary), a non-profit corporation whose purpose is to provide personnel services to Keystone Blind Association. Keystone Independence Management has hired all the professional staff for the Keystone Blind Association and processes the related payroll and benefits. In turn, Keystone Blind Association pays Keystone Independence Management a management fee approximating the cost of such payroll and benefits. In 2012 and 2011, Keystone Independence Management was reported separately and is not included in this report (See Note "9"), due to management's assessment that the net activity and net assets of Keystone Independence Management are immaterial to the Association.

During 2003, the Association created Keystone Vocational Services (an Affiliate), a non-profit corporation whose initial purpose was to provide custodial services for the Pendel-Caminiti Army Reserve Center. This contract was eliminated in 2006 and the corporation became dormant. In 2012, Keystone Vocational Services was reactivated to handle all federal contracts including tools sold to the federal government. Keystone Vocational Services is reported separately and is, therefore, not included or combined in this report.

During 2006, the Association agreed to manage the Beaver County Blind Association, in 2008, the Association agreed to manage the Center for the Blind and Visually Impaired in Philadelphia, and in 2012, the Association agreed to manage the Montgomery County Association for the Blind, all of which are reported separately and are not combined in this report.

Accounts have been set up to reflect any receivables or payables that exist between the Keystone Blind Association, Keystone Independence Management, Keystone Vocational Services, the Beaver County Association for the Blind, the Center for the Blind and Visually Impaired, and the Montgomery County Association for the Blind.

FINANCIAL STATEMENT PRESENTATION

The Association has adopted FASB Accounting Standards Codification ASC 958-205, "Financial Statements of Not-for-Profit Organizations". Under ASC 958-205, the Association is required to report information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows.

RESTRICTED AND UNRESTRICTED REVENUE AND SUPPORT

The Association has adopted FASB Accounting Standards Codification ASC 958-605, "Accounting for Contributions Received and Contributions Made". Under ASC 958-605, the Association is required to record support as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor or grantor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Temporarily restricted net assets consist of grant monies restricted to provide specialized services, as well as prevention of blindness services to eligible individuals.

BASIS OF ACCOUNTING

The accrual basis of accounting is used by the Association. Revenues are recognized in the accounting period in which they are earned. Expenses are recorded in the accounting period in which they are incurred.

PROMISES TO GIVE

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expense, depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

INVENTORY

Inventories are stated at the lower of first-in first-out (FIFO) cost or market, whichever is lower net of a $ 9,000 valuation reserve for slow moving inventory as of December 31, 2012 and 2011.

PROPERTY, BUILDINGS, AND EQUIPMENT

Acquisitions costing greater than $ 500, with a useful life greater than one (1) year, are capitalized and any donated items are valued at fair market value at the time of donation. Expenditures for maintenance and repair are expensed whereas, additions, major improvements, and renewals are capitalized and depreciated.

Building depreciation is computed on the straight-line method using an estimated life of 40 years.

Equipment depreciation is computed on the straight-line method using an estimated life of five (5) years for management information systems equipment and five (5) to ten (10) years for all other equipment.

Vehicle depreciation is computed on the straight-line method using estimated lives of three (3) to five (5) years.

Depreciation expense amounted to $ 149,979 and $ 87,631 in 2012 and 2011, respectively.

Fixed assets have been acquired through restricted grant funding and unrestricted funding.

	BEGINNING DECEMBER 31, 2011	ADDITIONS	DISPOSALS	ENDING DECEMBER 31, 2012
Property, Buildings, and Equipment...	$ 1,786,127	$ 829,788	$	$ 2,615,915
Accumulated Depreciation....	(1,205,966)	(149,979)		(1,355,945)
NET:-	$ 580,161	$ 679,809	$ 0	$ 1,259,970

ALLOCATED EXPENSES

Expenses by function have been allocated among program and supporting service classifications on the basis of actual charges, time records, and on estimates made by management.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the cash flows statement, the Association considers all highly liquid investments purchased with a maturity of three (3) months or less, to be cash equivalents.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to concentration of credit risk consist principally of cash and investments. Concentrations of credit risk with respect to trade receivables are due to the nature of business, geographic region, and financial status of the customers.

Noninterest-bearing cash transaction accounts, i.e., checking accounts at individual banks, will be fully insured by the Federal Deposit Insurance Corporation (FDIC) for the period December 31, 2010 through December 31, 2012. Interest-bearing cash transaction accounts, i.e., money market checking accounts and certificates of deposit at individual banks, are currently insured by FDIC for up to $ 250,000. This listed coverage is based upon the Dodd-Frank Wall Street Reform and Consumer Protection Act of July 21, 2010. In the normal course of business, the Association may have deposits in excess of federal insurance coverage. As of December 31, 2012, the Association had no deposits in excess of FDIC insured limits.

Beginning in 2013, the Federal Deposit Insurance Corporation (FDIC) insures all deposit accounts, including checking and savings accounts, money market deposit accounts, and certificates of deposit. The standard insurance amount is $ 250,000 per depositor, per insured bank.

Accounts at brokerage firms contain cash and securities balances and are insured up to $ 500,000, with a limit of $ 250,000 for cash, by the Securities Investor Protection Corporation (SIPC).

UNCERTAIN TAX POSITIONS

The Association adopted the provisions of FIN 48 (FASB ASC 740) "Uncertain Tax Positions" statement.

As a result of continuing evaluation of statutes, tax law changes, authoritative findings, audits, etc., management believes there are no uncertain tax positions that would result in a significant increase or decrease of unrecognized tax benefits, and no accruals of interest and penalties associated with uncertain tax positions are included in the financial statements.

The Association files an informational tax return in the U.S. federal jurisdiction. There are currently no ongoing exams or audits by any taxing authority. The 990 tax returns prior to 2009 are closed.

TAX DEFERRED ANNUITY

The Association has available for its employees, a tax deferred annuity plan. The plan is available to all employees and participation is voluntary. There is no employer match.

RECLASSIFICATIONS

Certain amounts from 2011 have been reclassified to conform to the 2012 financial statement presentation.

2. INVESTMENTS

The Association's policy of accounting for investments is in accordance with FASB ASC 958-320, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under FASB ASC 958-320, the Association is required to report investments in debt and equity securities with readily determinable fair values at fair value with any gains or losses included in the statements of activities.

The investments of the Association as of December 31, 2012 and 2011, at fair value and cost consisted of the following:

	FAIR VALUE	COST
DECEMBER 31, 2012:-		
Community Foundation of Western Pennsylvania and Eastern Ohio	$ 83,227	$ 74,055
T.D. Waterhouse Investments (See Below)	570,297	510,966
Perry Templeton Memorial Fund	70,145	64,625
TOTAL INVESTMENTS:-	$ 723,669	$ 649,646
T.D. WATERHOUSE INVESTMENTS AS OF DECEMBER 31, 2012:-		
Cash and Money Market	$ 4,733	$ 4,733
Mutual Funds	565,564	506,233
TOTAL T.D. WATERHOUSE INVESTMENTS:-	$ 570,297	$ 510,966
DECEMBER 31, 2011:-		
Community Foundation of Western Pennsylvania and Eastern Ohio	$ 73,896	$ 74,055
T.D. Waterhouse Investments (See Below)	503,300	490,742
Perry Templeton Memorial Fund	41,249	41,243
TOTAL INVESTMENTS:-	$ 618,445	$ 606,040
T.D. WATERHOUSE INVESTMENTS AS OF DECEMBER 31, 2011:-		
Cash and Money Market	$ 4,626	$ 4,626
Mutual Funds	498,674	486,116
TOTAL T.D. WATERHOUSE INVESTMENTS:-	$ 503,300	$ 490,742

ENDOWMENT AGREEMENT

During 2000, the Association entered into an Agency Endowment Agreement with the Community Foundation of Western Pennsylvania and Eastern Ohio. The Association approved transfers of $ 10,000 to establish the fund. The Community Foundation of Western Pennsylvania and Eastern Ohio will receive an administration fee not to exceed one (1) percent of the market value of the fund annually. Funds placed in endowment are the property of the Association and have been reflected in the financial statements. As of December 31, 2012 and 2011, this fund was valued at $ 83,227 and $ 73,896, respectively.

FAIR VALUE MEASUREMENTS

The Association adopted the provisions of FASB ASC 820-10, "Fair Value Measurements". Under FASB ASC 820-10, the Association is required to disclose the basis for valuing its assets and liabilities measured at fair value level. Level 1 uses quoted prices in active markets for identical assets; Level 2 uses significant other observable inputs; and Level 3 uses significant unobservable inputs.

The Association's investments discussed above are subject to the provisions of FASB ASC 820-10. The investments are Level 1 and are measured at fair value on a recurring basis for the year ending December 31, 2012.

The following table presents the fair value measurement of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the FASB ASC 820-10 fair value hierarchy in which the fair value measurements fall at December 31, 2012:

		FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
	DECEMBER 31, 2012	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)
ASSETS:-				
Long-Term Investments -				
Stocks and Mutual Funds.....	$ 723,669	$ 723,669	$ 0	$ 0

Methods and assumptions used by the Association in estimating fair values are as follows:

Stocks and Mutual Funds - The fair values of these financial instruments are based on quoted market prices.

3. INCOME TAXES

The Association, a non-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is generally exempt from federal, state, and local income taxes and, accordingly, no provision for income taxes is included in the financial statements. An informational return, Form 990, is filed annually.

4. RECEIVABLES

Receivables include charges for goods and services provided to customers not collected as of the end of the year. These amounts are due from various businesses and organizations primarily within Mercer County and the Pennsylvania Industries for the Blind and Handicapped. Receivables also include various grants, promises to give, and other miscellaneous receivables. The Association considers all receivables to be fully collectable, and thus no allowance for doubtful accounts is required.

For both years ended December 31, 2012 and 2011, bad debt expense totalled $ - 0 -.

5. MAJOR CUSTOMER

The Association sells a substantial portion of its goods and services through contracts with the Commonwealth of Pennsylvania held by the Pennsylvania Industries for the Blind and Handicapped (approximately $ 6,800,000 annually).

At December 31, 2012 and 2011, amounts due from the Pennsylvania Industries for the Blind and Handicapped and included in trade receivables, totalled $ 612,590 and $ 569,239, respectively.

6. DEBT

The debt of the Association at December 31, 2012 and 2011, consisted of the following:

BEGINNING DEBT DECEMBER 31, 2011	DEBT PROCEEDS	DEBT PAYMENTS	ENDING DEBT DECEMBER 31, 2012
$ 355,666	$ 966,799	$ 182,589	$ 1,139,876

	2012	2011
OPERATING FUND:-		
$ 500,000 line-of-credit demand note payable to a bank for working capital, at 3.25 percent, interest only, due monthly. Secured by equipment, inventory, and accounts receivable........................	$ 42,689	$ 0
A $ 450,000 line-of-credit note payable for working capital related to the toilet paper production business. The stated interest rate is 3.25 percent, interest only, due monthly. Secured by equipment, inventory, and accounts receivable...................	255,047	0
$ 500,000 mortgage, payable to bank for Dayton Way property and capital improvements on facilities at 6.12 percent, maturing October 2016. Effective January of 2005, the interest rate on this loan decreased to 3.78 percent with no changes to the maturity date. In 2006, the Association used the proceeds from the sale of the Dayton Way building to pay down the loan balance and rolled this loan over to pay for the purchase of the Metz building. The interest rate remains unchanged; however, the principal and interest payments changed from $ 3,553 to $ 1,449 monthly and		

	2012	2011
the maturity date is now June of 2016. In 2010, the interest rate decreased from 3.78 to 2.34 percent, thus decreasing the principal and interest payments from $ 1,449 to $ 1,160. Secured by commercial real estate, accounts receivable, inventory, and equipment............................	57,239	71,678
$ 25,000 note payable to bank for 2007 Dodge truck, payable over 60 months at 6.95 percent. This loan was paid off in 2012...	0	2,662
$ 250,000 note payable to bank to pay off a line-of-credit. The date of origination was April 26, 2010, and matures May 1, 2014. The interest rate is 4.99 percent...	88,913	151,928
$ 10,000 loan payable to the City of Sharon for replacement of roof at the Key building. The loan is for five (5) years at 3 percent interest, beginning March 2010 and maturing March 2015. This loan was paid off in 2012..........................	0	6,667
$ 27,666 loan payable to an automotive company for a new vehicle. The interest rate on the loan is 4.09 percent, beginning March 2012 and maturing March 2017, and calls for monthly principal and interest payments of $ 512.........................	23,843	0
$ 30,000 loan with a bank for a shredder to be used in business. The loan is for three (3) years at 5.995 percent interest, and calls for monthly principal and interest payments of $ 908.........................	3,632	14,529
$ 19,761 loan payable to an automotive company for a new van. The interest rate on the loan is .9 percent, beginning January 2012 and maturing January 2016, and calls for monthly principal and interest payments of $ 419.........................	15,701	0
$ 50,000 loan payable to a bank for roof repairs. The loan interest rate is 4.61 percent, beginning May 2011 and maturing June 2016................................	35,398	44,752

	2012	2011
$ 32,007 loan payable to an automotive company for a new truck. The interest rate on the loan is 4.19 percent, beginning March 2011 and maturing March 2016................	21,622	27,621
$ 690,707 capital lease obligation for the Association's toilet paper machinery. As of December 31, 2012, $ 621,637 of the lease had been drawn down. Terms of the lease are interest of 4.067 percent with monthly principal and interest payments of $ 9,462, beginning in June 2012, and ending May 2019..	571,277	0
$ 45,258 loan payable to a tractor corporation for new lawn equipment. The loan is at zero percent interest, beginning April 2011 and maturing March 2015, and calls for monthly principal payments of $ 471.........	24,515	35,829
TOTAL DEBT:-	$ 1,139,876	$ 355,666

At December 31, 2012, the maturities of the debt are as follows:

	SHREDDER	TERM NOTE PAYABLE	OPEN-END MORTGAGE	ROOF LOAN II
2013....................	$ 3,632	$ 66,308	$ 15,490	$ 9,760
2014....................		22,605	16,086	10,226
2015....................			16,705	10,714
2016....................			8,958	4,698
2017....................				
2018 - 2019.............				
TOTAL DEBT:-	$ 3,632	$ 88,913	$ 57,239	$ 35,398

	2012 DODGE CARAVAN	TOILET PAPER MACHINERY	$ 450,000 LINE-OF-CREDIT	KUBOTA LOAN
2013....................	$ 4,911	$ 89,156	$ 255,047	$ 11,315
2014....................	4,956	92,851		11,315
2015....................	5,001	96,698		1,885
2016....................	833	100,705		
2017....................		104,878		
2018 - 2019.............		86,989		
TOTAL DEBT:-	$ 15,701	$ 571,277	$ 255,047	$ 24,515

	$ 500,000 LINE-OF-CREDIT	2011 FORD TRUCK	2012 DODGE JOURNEY	TOTAL
2013	$ 42,689	$ 6,324	$ 5,271	$ 509,903
2014		6,594	5,491	170,124
2015		6,875	5,720	143,598
2016		1,829	5,958	122,981
2017			1,403	106,281
2018 - 2019				86,989
TOTAL DEBT:-	$ 42,689	$ 21,622	$ 23,843	$ 1,139,876

Interest expenses for outstanding debt are as follows:

	SHREDDER	MORTGAGE	TERM NOTE PAYABLE	ROOF LOAN II
2013	$ 45	$ 1,899	$ 2,922	$ 1,487
2014		1,303	230	1,020
2015		684		532
2016		103		76
2017				
TOTAL:-	$ 45	$ 3,989	$ 3,152	$ 3,115

	2012 DODGE CARAVAN	2012 DODGE JOURNEY	TOILET PAPER MACHINERY	2011 FORD TRUCK	TOTAL
2013	$ 121	$ 877	$ 24,394	$ 783	$ 32,528
2014	77	658	20,699	513	24,500
2015	32	429	16,852	231	18,760
2016	1	190	12,845	14	13,229
2017		9	8,672		8,681
2018 - 2019			4,804		4,804
TOTAL:-	$ 231	$ 2,163	$ 88,266	$ 1,541	$ 102,502

Interest expense for 2012 and 2011 was $ 36,283 and $ 23,269, respectively.

7. COMMITMENTS AND CONTINGENT LIABILITIES

GRANT PROGRAMS

The Association participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Association is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

COMPENSATED ABSENCES

Accounting principles generally accepted in the United States of America require the accrual of compensated absences if the obligation is attributable to employees' services already rendered, the rights vest or accumulate, payment is probable, and the amount can be determined. The vacation pay of the Association's employees meets these criteria and, as of December 31, 2012 and 2011, a liability of $ 51,554 and $ 51,600, respectively, has been recorded in the financial statements. There are no other significant compensated absences and the policy of the Association is to recognize their costs when actually paid to employees.

LEASE COMMITMENTS

Various items are leased under various agreements on a month-to-month basis, some of which contain renewal provisions at the Association's option. These lease agreements have been accounted for as operating leases. The Association also entered into a capital lease for new machinery during 2012 (See Note "6").

The Association leases space from the Center for the Blind and Visually Impaired (CBVI) under a five (5) year lease agreement, which has a termination clause allowing the Association to terminate with 180 days notice. The lease commenced on September 1, 2012 and continues through August 31, 2017, at $ 4,258 per month.

The following is a schedule of minimum lease payments for each of the next five (5) years required under the CBVI lease (assuming no early termination) as of December 31, 2012:

YEAR ENDING DECEMBER 31:	
2013	$ 51,096
2014	51,096
2015	51,096
2016	51,096
2017	34,064
TOTAL:-	$ 238,448

LITIGATION

In the normal course of operations, the Association is involved in various civil disputes, principally regarding liability issues. Management is of the opinion that any unfavorable outcome resulting from these actions would be covered by insurance (subject to a deductible of $ 10,000 per occurrence) and would not have a material effect on the Association's financial position.

Aside from civil disputes and liability issues, there is currently a breach of contract lawsuit that has been filed against the Association (See Note "10").

8. RELATED PARTY TRANSACTIONS/MANAGEMENT CONTRACTS

Keystone Blind Association paid its subsidiary, Keystone Independence Management, management fees of $ 1,691,693 and $ 1,510,979 in 2012 and 2011, respectively. The Association also undertakes transactions with the related affiliates: Beaver County Association for the Blind and the Center for the Blind and Visually Impaired. During 2012 and 2011, the Association recorded revenues of $ 66,000 and $ 52,500, respectively, for various management services provided to Beaver County Association for the Blind.

During 2012 and 2011, the Association recorded revenues of $ 39,300 and $ 30,475, respectively, for equipment rentals and management services provided to the Center for the Blind and Visually Impaired (CBVI) and also was billed $ 392,378 and $ 299,918, respectively, by CBVI for lawn/snow maintenance services. The Association also began leasing space from CBVI in 2012 (See Note "7").

9. CONDENSED FINANCIAL INFORMATION

The following is condensed financial information of Keystone Independence Management for 2012 and 2011:

	KEYSTONE INDEPENDENCE MANAGEMENT 2012	KEYSTONE INDEPENDENCE MANAGEMENT 2011
Cash and Cash Equivalents	$ 25,745	$ 31,464
Accounts Receivable	11,004	
Prepaid Expenses	31,397	28,265
TOTAL ASSETS:-	$ 68,146	$ 59,729
Accounts Payable and Accrued Liabilities	$ 9,009	$ 8,985
Due to Parent and Affiliates	6,490	9,105
Net Assets	52,647	41,639
TOTAL LIABILITIES AND NET ASSETS:-	$ 68,146	$ 59,729
REVENUES:-		
Management and Service Fees	$ 1,992,069	$ 1,664,926
Miscellaneous Revenue	155	
TOTAL REVENUES:-	$ 1,992,224	$ 1,664,926
EXPENSES:-		
Payroll and Related Costs	$ 1,897,216	$ 1,646,508
Other Financing Sources (Uses) Transfer to Parent	84,000	105,000
TOTAL EXPENSES:-	$ 1,981,216	$ 1,751,508
NET INCREASE (DECREASE) IN NET ASSETS:-	$ 11,008	($ 86,582)
BEGINNING NET ASSETS:-	41,639	128,221
ENDING NET ASSETS:-	$ 52,647	$ 41,639

10. SUBSEQUENT EVENTS

The Association has adopted FASB ASC 855-10, "Subsequent Events", which requires an entity to recognize in the financial statements the effects of significant, material subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position. For nonrecognized subsequent events that must be disclosed to keep the financial statements from being misleading, an entity is required to disclose the nature of the event, as well as an estimate of its financial effect, or a statement that such an estimate cannot be made. In addition, FASB ASC 855-10 requires an entity to disclose the date through which subsequent events have been evaluated. The Association has evaluated subsequent events through the issuance of its statements on November 7, 2013.

LAWSUIT

In September of 2013, a lawsuit was filed against the Association for non-performance of contract. The plaintiff is seeking approximately $ 420,000 in damages allegedly stemming from the Association purchasing raw materials from other vendors. The Association will vigorously contest the claim and file counterclaims. The Association's legal counsel is of the opinion that the ultimate resolution will be favorable to the Association; however, as of the date of this report, they cannot evaluate the likelihood of the outcome, or the range of potential loss or recovery, consequently, no liability has been recorded in the financial statements as of December 31, 2012.

TOILET PAPER PRODUCTION

During 2012 the Association began producing toilet paper under a state contract, and in July of 2013, due to production difficulties, the Association approached the state requesting an increase in the contract pricing of 10 percent. The state denied the request; however, they have agreed to a 3.5 percent increase in the fair market price to become effective January 1, 2014. The Association will not be allowed any additional pricing adjustments until 2015. The Association is considering refinancing of debt, and whether to accept the terms given by the state, or to discontinue producing toilet paper under the current contract. Future lease commitments on the equipment (See Note "6"), and the building (See Note "7") would remain in effect if operations ceased. As of the date of this report, the Association continues to produce toilet paper, and no final decision has been made regarding whether to discontinue production in the future. Management estimates operating losses relating to this activity were $ 147,000 for 2012, and $ 225,000 as of the date of this report for 2013.

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

ALL FUNDS

AS OF DECEMBER 31, 2012 AND 2011

A S S E T S	OPERATING FUND	RESERVE FUND	SPECIALIZED SERVICES FUND	PREVENTION OF BLINDNESS GRANT	TOTALS 2012	TOTALS 2011
CURRENT ASSETS:-						
Cash and Cash Equivalents	$ 134,771	$	$	$	$ 134,771	$ 168,375
Receivables -						
Trade	634,219				634,219	599,629
Grants			18,084	3,855	21,939	15,716
Interfund	21,939				21,939	15,716
Unconditional Promises to Give	12,653				12,653	19,038
Other	23,235				23,235	0
Prepaid Expenses	42,305				42,305	61,347
Inventory, Net of Reserve	278,867				278,867	73,476
Due from Affiliate - Beaver County Blind Association					0	6,031
Due from (to) Subsidiary - Keystone Independence Management	6,490				6,490	8,825
Due from Affiliate - Keystone Vocational Services	31,625				31,625	4,036
Due from Affiliate - Center for the Blind and Visually Impaired					0	8,142
Due from (to) Affiliate - Center for Blind and Disabled	(33,004)				(33,004)	(29,473)
Due from (to) Affiliate - Montgomery County Association for the Blind	4,000				4,000	0
TOTAL CURRENT ASSETS:-	$ 1,157,100	$ 0	$ 18,084	$ 3,855	$ 1,179,039	$ 950,858
NON-CURRENT ASSETS:-						
Investments, at Fair Value	$ 153,372	$ 570,297	$ 0	$ 0	$ 723,669	$ 618,445
PROPERTY, BUILDINGS, AND EQUIPMENT:-						
Buildings	$ 685,031	$	$	$	$ 685,031	$ 685,031
Equipment	896,151				896,151	772,838
Vehicles	413,096				413,096	328,258
Equipment Under Capital Lease	621,637				621,637	0
	$ 2,615,915	$ 0	$ 0	$ 0	$ 2,615,915	$ 1,786,127
LESS: Accumulated Depreciation	(1,355,945)				(1,355,945)	(1,205,966)
NET PROPERTY, BUILDINGS, AND EQUIPMENT:-	$ 1,259,970	$ 0	$ 0	$ 0	$ 1,259,970	$ 580,161
TOTAL NON-CURRENT ASSETS:-	$ 1,413,342	$ 570,297	$ 0	$ 0	$ 1,983,639	$ 1,198,606
TOTAL ASSETS:-	$ 2,570,442	$ 570,297	$ 18,084	$ 3,855	$ 3,162,678	$ 2,149,464

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

ALL FUNDS

AS OF DECEMBER 31, 2012 AND 2011

	OPERATING FUND	RESERVE FUND	SPECIALIZED SERVICES FUND	PREVENTION OF BLINDNESS GRANT	TOTALS 2012	TOTALS 2011
L I A B I L I T I E S						
CURRENT LIABILITIES:-						
Lines-of-Credit	$ 297,735	$	$	$	$ 297,735	$ 0
Notes Payable	123,012				123,012	119,682
Capital Lease Obligation	89,156				89,156	0
Accounts Payable	167,927				167,927	36,827
Accrued Payroll and Payroll Taxes	199,215				199,215	178,218
Interfund Payables			18,084	3,855	21,939	15,716
Accrued Vacation	51,554				51,554	51,600
Accrued Sales Tax	385				385	458
TOTAL CURRENT LIABILITIES:-	$ 928,984	$ 0	$ 18,084	$ 3,855	$ 950,923	$ 402,501
NON-CURRENT LIABILITIES:-						
Notes Payable	$ 147,852	$	$	$	$ 147,852	$ 235,984
Capital Lease Obligation	482,121				482,121	0
TOTAL NON-CURRENT LIABILITIES:-	$ 629,973	$ 0	$ 0	$ 0	$ 629,973	$ 235,984
COMMITMENTS AND CONTINGENCIES:-	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
TOTAL LIABILITIES:-	$ 1,558,957	$ 0	$ 18,084	$ 3,855	$ 1,580,896	$ 638,485
N E T A S S E T S						
Unrestricted	$ 998,832	$ 570,297	$	$	$ 1,569,129	$ 1,491,941
Temporarily Restricted	12,653				12,653	19,038
TOTAL NET ASSETS:-	$ 1,011,485	$ 570,297	$ 0	$ 0	$ 1,581,782	$ 1,510,979
TOTAL LIABILITIES AND NET ASSETS:-	$ 2,570,442	$ 570,297	$ 18,084	$ 3,855	$ 3,162,678	$ 2,149,464

KEYSTONE BLIND ASSOCIATION

STATEMENT OF ACTIVITIES

ALL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	OPERATING FUND	RESERVE FUND	SUBTOTAL FUNDS	SPECIAL SERVICES FUND	PREVENTION OF BLINDNESS GRANT	SUBTOTAL GRANT FUNDS	TOTAL ALL FUNDS
REVENUES:-							
Public Support -							
Contributions	$ 111,359	$	$ 111,359	$	$	$ 0	$ 111,359
United Way Allocations	58,737		58,737			0	58,737
TOTAL PUBLIC SUPPORT:-	$ 170,096	$ 0	$ 170,096	$ 0	$ 0	$ 0	$ 170,096
OTHER REVENUES:-							
Program Service Fees	$ 48,056	$	$ 48,056	$	$	$ 0	$ 48,056
Grants	11,772		11,772	73,883	13,713	87,596	99,368
Sales to Public, Net	6,938,408		6,938,408			0	6,938,408
Interest Income (Includes Interfund)	4,104	13,513	17,617			0	17,617
Unrealized Gain (Loss) on Investments	12,487	46,306	58,793			0	58,793
Realized Gain (Loss) on Investments	366	9,841	10,207			0	10,207
Other Income	17,238		17,238			0	17,238
Management Fees	66,000		66,000			0	66,000
Equipment Rental Income	27,300		27,300			0	27,300
TOTAL OTHER REVENUES:-	$ 7,125,731	$ 69,660	$ 7,195,391	$ 73,883	$ 13,713	$ 87,596	$ 7,282,987
TOTAL PUBLIC SUPPORT AND OTHER REVENUES:-	$ 7,295,827	$ 69,660	$ 7,365,487	$ 73,883	$ 13,713	$ 87,596	$ 7,453,083
EXPENSES:-							
Salaries and Wages	$ 3,423,680	$	$ 3,423,680	$	$	$ 0	$ 3,423,680
Employee Benefits	93,419		93,419	3,528		3,528	96,947
Payroll Taxes	256,870		256,870			0	256,870
TOTAL SALARIES AND RELATED EXPENSES:-	$ 3,773,969	$ 0	$ 3,773,969	$ 3,528	$ 0	$ 3,528	$ 3,777,497
Management Fees	1,611,923		1,611,923	66,057	13,713	79,770	1,691,693
Professional Fees	29,406		29,406			0	29,406
Supplies	49,801		49,801			0	49,801
Purchases for Resale	474,624		474,624			0	474,624
Telephone	58,698		58,698			0	58,698
Postage and Shipping	37,751		37,751			0	37,751
Occupancy	83,658		83,658	4,067		4,067	87,725
Insurance	76,367		76,367			0	76,367
Subcontractors	708,526		708,526			0	708,526
Transportation	172,180		172,180			0	172,180
Education and Conferences	15,150		15,150			0	15,150
Program Supplies	8,436		8,436			0	8,436
Organization Dues	5,461		5,461			0	5,461

KEYSTONE BLIND ASSOCIATION

STATEMENT OF ACTIVITIES

ALL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2012

	OPERATING FUND	RESERVE FUND	SUBTOTAL FUNDS	SPECIAL SERVICES FUND	PREVENTION OF BLINDNESS GRANT	SUBTOTAL GRANT FUNDS	TOTAL ALL FUNDS
Awards	3,941		3,941			0	3,941
Fundraising	16,254		16,254			0	16,254
Other	26,861		26,861	231		231	27,092
Interest (Includes Interfund)	33,620	2,663	36,283			0	36,283
Depreciation	149,979		149,979			0	149,979
Penalties and Fees	8,319		8,319			0	8,319
Maintenance Agreements	16,091		16,091			0	16,091
Meals and Entertainment	15,006		15,006			0	15,006
TOTAL EXPENSES:-	$ 7,376,021	$ 2,663	$ 7,378,684	$ 73,883	$ 13,713	$ 87,596	$ 7,466,280
OTHER FINANCING SOURCES (USES):-							
Transfer from Subsidiary	$ 84,000	$ 0	$ 84,000	$ 0	$ 0	$ 0	$ 84,000
NET INCREASE (DECREASE) IN NET ASSETS:-	$ 3,806	$ 66,997	$ 70,803	$ 0	$ 0	$ 0	$ 70,803
NET ASSETS AT BEGINNING OF YEAR:-	1,007,679	503,300	1,510,979	0	0	0	1,510,979
NET ASSETS AT END OF YEAR:-	$ 1,011,485	$ 570,297	$ 1,581,782	$ 0	$ 0	$ 0	$ 1,581,782

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF ACTIVITIES

OPERATING FUND - BUDGET AND ACTUAL

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012 BUDGET (UNAUDITED)	2012 ACTUAL	2011 BUDGET (UNAUDITED)	2011 ACTUAL
OPERATING FUND				
REVENUES:-				
Public Support -				
Contributions	$ 99,000	$ 111,359	$ 104,700	$ 103,419
United Way Allocations	83,000	58,737	89,570	80,630
TOTAL PUBLIC SUPPORT:-	$ 182,000	$ 170,096	$ 194,270	$ 184,049
Other Revenues -				
Program Service Fees	$ 54,600	$ 48,056	$ 40,400	$ 53,844
Grants	108,500	11,772	97,300	25,723
Sales to Public, Net	6,923,338	6,938,408	6,487,844	6,781,448
Interest Income		4,104		3,145
Unrealized Gain (Loss) on Investments		12,487		(5,041)
Realized Gain (Loss) on Investments		366		(1,440)
Other Income	400	17,238	500	13,049
Management Fees	66,000	66,000	40,500	50,500
Sale of Fixed Assets				1,600
Equipment Rental Income	27,300	27,300		20,475
TOTAL OTHER REVENUES:-	$ 7,180,138	$ 7,125,731	$ 6,666,544	$ 6,943,303
TOTAL PUBLIC SUPPORT AND OTHER REVENUES:-	$ 7,362,138	$ 7,295,827	$ 6,860,814	$ 7,127,352
EXPENSES:-				
Salaries and Wages	$ 3,436,815	$ 3,423,680	$ 3,216,500	$ 3,254,439
Employee Benefits	134,700	93,419	148,200	121,232
Payroll Taxes	264,583	256,870	242,200	247,038
TOTAL SALARIES AND RELATED EXPENSES:-	$ 3,836,098	$ 3,773,969	$ 3,606,900	$ 3,622,709
Management Fees	1,613,000	1,611,923	1,528,000	1,448,133
Professional Fees	55,000	29,406	24,000	40,226
Supplies	42,200	49,801	44,634	45,001
Purchases for Resale	480,300	474,624	124,300	458,295
Subcontractors	747,913	708,526	782,620	756,846
Telephone	63,160	58,698	74,900	61,063
Postage and Shipping	35,050	37,751	40,500	34,462
Occupancy	74,931	83,658	147,900	75,812
Insurance	79,392	76,367	113,250	109,732
Minor Equipment Purchase	75,000		15,000	

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF ACTIVITIES

OPERATING FUND - BUDGET AND ACTUAL

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012 BUDGET (UNAUDITED)	2012 ACTUAL	2011 BUDGET (UNAUDITED)	2011 ACTUAL
Printing and Publications	9,706		3,000	
Transportation	150,538	172,180	163,100	167,556
Education and Conferences	8,076	15,150	5,550	7,401
Program Supplies	19,500	8,436	5,951	18,942
Organization Dues	7,700	5,461	8,200	8,680
Awards	1,200	3,941	3,800	3,413
Fundraising	16,116	16,254	17,000	14,776
Other	29,000	26,861	44,300	42,828
Interest (Includes Interfund)	22,909	33,620	24,509	23,269
Depreciation	88,000	149,979	80,000	87,631
Fees	4,541	8,319	3,400	4,632
Loss on Sale of Fixed Assets				7,891
Maintenance and Lease Agreements	8,508	16,091		
Meals and Entertainment	7,300	15,006		
TOTAL EXPENSES:-	$ 7,475,138	$ 7,376,021	$ 6,860,814	$ 7,039,298
PUBLIC SUPPORT AND OTHER REVENUES OVER (UNDER) EXPENSES:-	($ 113,000)	($ 80,194)	$ 0	$ 88,054
OTHER FINANCING SOURCES (USES):-				
Transfer from Subsidiary	$ 113,000	$ 84,000	$ 0	$ 105,000
NET INCREASE IN NET ASSETS:-	$ 0	$ 3,806	$ 0	$ 193,054
NET ASSETS AT BEGINNING OF YEAR:-	0	1,007,679	0	814,625
NET ASSETS AT END OF YEAR:-	$ 0	$ 1,011,485	$ 0	$ 1,007,679

KEYSTONE BLIND ASSOCIATION

STATEMENTS OF ACTIVITIES

RESERVE FUND

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
RESERVE FUND		
PUBLIC SUPPORT AND REVENUE:-		
Interest Income (Includes Interfund)	$ 13,513	$ 11,765
TOTAL PUBLIC SUPPORT:-	$ 13,513	$ 11,765
OTHER REVENUES AND (EXPENSES):-		
Unrealized Gain (Loss) on Investments	$ 46,306	($ 30,510)
Realized Gain (Loss) on Investments	9,841	1,237
Other Expense	(2,663)	(2,615)
TOTAL OTHER REVENUES AND (EXPENSES):-	$ 53,484	($ 31,888)
PUBLIC SUPPORT AND OTHER REVENUES OVER (UNDER) EXPENSES:-	$ 66,997	($ 20,123)
NET ASSETS AT BEGINNING OF YEAR:-	503,300	523,423
NET ASSETS AT END OF YEAR:-	$ 570,297	$ 503,300

KEYSTONE BLIND ASSOCIATION EXHIBIT "E"

STATEMENT OF ACTIVITIES

TEMPORARILY RESTRICTED FUND

SPECIALIZED SERVICES FUND

FOR THE PERIOD JULY 1, 2011 TO JUNE 30, 2012

	PAB APPROVED BUDGET	AGENCY FUNDING	PAB FUNDING	TOTAL FUNDING
Personnel	$ 57,925	$ 77,643	$ 57,925	$ 135,568
Employee Benefits		42,814		42,814
Administrative Overhead	2,075	2,310	2,075	4,385
Travel and Transportation		24,430		24,430
Operating Expenses		20,025		20,025
Depreciation Expenses		3,690		3,690
TOTAL EXPENSES:-	$ 60,000	$ 170,912	$ 60,000	$ 230,912

NOTE: Expenses reported here on a fiscal year basis, not the Association's calendar year basis. Done to meet request of the Pennsylvania Association for the Blind.

KEYSTONE BLIND ASSOCIATION EXHIBIT "F"

STATEMENT OF ACTIVITIES

TEMPORARILY RESTRICTED FUND

PREVENTION OF BLINDNESS GRANT FUND

FOR THE PERIOD JULY 1, 2011 TO JUNE 30, 2012

	PAB APPROVED BUDGET	AGENCY FUNDING	PAB FUNDING	TOTAL FUNDING
Personnel	$ 10,000	$ 37,958	$ 10,000	$ 47,958
Employee Benefits		17,411		17,411
Administrative Overhead		2,193		2,193
Travel and Transportation		2,708		2,708
Operating Expenses		8,529		8,529
Depreciation Expenses		94		94
TOTAL EXPENSES:-	$ 10,000	$ 68,893	$ 10,000	$ 78,893

NOTE: Expenses reported here on a fiscal year basis, not the Association's calendar year basis. Done to meet request of the Pennsylvania Association for the Blind.