



Consolidated Financial Statements, Additional Information
and Supplementary Information

for

**AMERICAN PRINTING HOUSE
FOR THE BLIND, INC.**

Years Ended September 30, 2023 and 2022
with Independent Auditor's Report

CONTENTS

Pages

Independent Auditor's Report.....	1 - 3
Consolidated Financial Statements:	
Statements of Financial Position.....	4
Statements of Activities.....	5 - 6
Statements of Functional Expenses.....	7 - 8
Statements of Stockholders' Equity - GoodMaps Inc.....	9
Statements of Cash Flows.....	10
Notes to Consolidated Financial Statements.....	11 - 34
Additional Information:	
Schedules of Cost of Sales.....	35
Consolidating Statement of Financial Position.....	36 - 37
Consolidating Statement of Activities.....	38
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	39
Notes to the Schedule of Expenditures of Federal Awards.....	40
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i> <i>Auditing Standards</i>	41 - 42
Report on Compliance for Each Major Federal Program and Internal Control Over Compliance Required by The Uniform Guidance.....	43 - 45
Schedule of Findings and Questioned Costs.....	46 - 47

Independent Auditor's Report

Board of Trustees
American Printing House for the Blind, Inc.
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of American Printing House for the Blind, Inc. and its subsidiary (the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, the related consolidated statements of activities, functional expenses, stockholders' equity - GoodMaps Inc., and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Board of Trustees
American Printing House for the Blind, Inc.
Independent Auditor's Report, continued

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying additional information (schedules of cost of sales, consolidating statement of financial position and consolidating statement of activities) and the supplementary schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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 accompanying additional and supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
February 15, 2024

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidated Statements of Financial Position

September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 726,216	\$ 10,188,476
Investments	115,251,838	119,274,811
Investments, the use of which is limited	4,075,730	3,748,390
Accounts receivable, trade, net of allowance for bad debts	1,422,038	1,024,501
Government programs receivable	10,570,868	5,585,888
Split-interest agreements	2,158,062	2,157,880
Inventories, net of reserve	18,017,564	10,616,053
Prepaid expenses and other assets	3,166,481	1,396,572
Other receivable	6,400	114,400
Overfunding of the defined benefit plan	992,167	-
Property and equipment, net of accumulated depreciation	15,819,042	4,152,827
Software development costs, net of amortization	<u>1,651,738</u>	<u>144,301</u>
Total assets	<u>\$ 173,858,144</u>	<u>\$ 158,404,099</u>
Liabilities and Net Assets		
Liabilities:		
Line of credit	\$ 460,000	\$ 255,000
Accounts payable and customer deposits	9,236,918	3,491,732
Accrued payroll	386,658	509,397
Accrued taxes and payroll withholdings	239,783	201,587
Accrued vacation	1,326,279	1,320,401
Annuities payable	520,103	585,226
Other accrued expenses	157,845	38,912
Deferred revenue	22,815	275,513
SAFE notes payable	1,502,618	-
Underfunded defined benefit plan obligation	-	3,073,744
Deferred compensation liability	<u>231,298</u>	<u>248,997</u>
Total liabilities	14,084,317	10,000,509
Net assets:		
Without donor restrictions:		
Undesignated	133,554,949	137,912,752
Invested in property and equipment	15,819,042	4,152,827
Board-designated - accessible textbook program	2,152,640	1,975,289
Funded status of benefit plan	<u>992,167</u>	<u>(3,073,744)</u>
Total without donor restrictions	152,518,798	140,967,124
With donor restrictions:		
Purpose and time restricted	4,770,359	4,275,219
Perpetual in nature	<u>2,484,670</u>	<u>2,363,708</u>
Total with donor restrictions	<u>7,255,029</u>	<u>6,638,927</u>
Total net assets before non-controlling interest	159,773,827	147,606,051
Non-controlling interest	<u>-</u>	<u>797,539</u>
Total liabilities, net assets and non-controlling interest	<u>\$ 173,858,144</u>	<u>\$ 158,404,099</u>

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidated Statements of Activities

Year ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains:			
Sale of products and services	\$ 37,425,391	\$ -	\$ 37,425,391
Contributions and bequests	1,037,149	887,196	1,924,345
Grants	16,861,166	-	16,861,166
Return on investments:			
Interest and dividends	3,490,947	150,681	3,641,628
Gain on investments, net	9,240,309	400,196	9,640,505
Miscellaneous income	449,090	-	449,090
Net assets released from restrictions	<u>821,971</u>	<u>(821,971)</u>	<u>-</u>
Total support, revenues and gains	69,326,023	616,102	69,942,125
Expenses:			
Program expenses:			
Costs of sales	30,520,031	-	30,520,031
Program support	<u>18,148,187</u>	<u>-</u>	<u>18,148,187</u>
Total program expenses	48,668,218	-	48,668,218
Fund-raising and development expenses	862,822	-	862,822
General and administrative expenses	8,631,462	-	8,631,462
GoodMaps, Inc. administrative expenses	<u>4,537,797</u>	<u>-</u>	<u>4,537,797</u>
Total expenses	62,700,299	-	62,700,299
Net gain for the retirement plan	4,065,911	-	4,065,911
Non-controlling interest in net loss	<u>860,039</u>	<u>-</u>	<u>860,039</u>
Change in net assets	11,551,674	616,102	12,167,776
Net assets, beginning of year	<u>140,967,124</u>	<u>6,638,927</u>	<u>147,606,051</u>
Net assets, end of year	<u><u>\$ 152,518,798</u></u>	<u><u>\$ 7,255,029</u></u>	<u><u>\$ 159,773,827</u></u>

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidated Statements of Activities, continued

Year ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains:			
Sale of products and services	\$ 35,669,918	\$ -	\$ 35,669,918
Contributions and bequests	1,433,480	684,268	2,117,748
Grants	12,863,906	-	12,863,906
Return on investments:			
Interest and dividends	3,678,610	257,085	3,935,695
Loss on investments, net	(19,246,694)	(1,191,441)	(20,438,135)
Miscellaneous income	476,887	-	476,887
Net assets released from restrictions	<u>720,175</u>	<u>(720,175)</u>	<u>-</u>
Total support, revenues and gains	35,596,282	(970,263)	34,626,019
Expenses:			
Program expenses:			
Costs of sales	27,516,090	-	27,516,090
Program support	<u>18,092,795</u>	<u>-</u>	<u>18,092,795</u>
Total program expenses	45,608,885	-	45,608,885
Fund-raising and development expenses	758,466	-	758,466
General and administrative expenses	9,856,940	-	9,856,940
GoodMaps, Inc. administrative expenses	<u>3,564,385</u>	<u>-</u>	<u>3,564,385</u>
Total expenses	59,788,676	-	59,788,676
Net gain for the retirement plan	5,693,020	-	5,693,020
Non-controlling interest in net loss	<u>2,337,836</u>	<u>-</u>	<u>2,337,836</u>
Change in net assets	(16,161,538)	(970,263)	(17,131,801)
Net assets, beginning of year	<u>157,128,662</u>	<u>7,609,190</u>	<u>164,737,852</u>
Net assets, end of year	<u>\$ 140,967,124</u>	<u>\$ 6,638,927</u>	<u>\$ 147,606,051</u>

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidated Statements of Functional Expenses

Year ended September 30, 2023

	Program			Fund-Raising and Development	General and Administrative	GoodMaps Inc. Administrative Expenses	Total
	Program A	Program B	Total				
Cost of materials and production	\$ -	\$ 16,311,634	\$ 16,311,634	\$ -	\$ -	\$ -	\$ 16,311,634
GoodMaps Inc. cost of sales	-	510,272	510,272	-	-	-	510,272
Labor costs	379,096	19,737,639	20,116,735	711,641	6,265,756	2,080,309	29,174,441
Supplies	14,616	933,434	948,050	15,178	135,840	21,671	1,120,739
Dues and subscriptions	2,078	71,749	73,827	9,777	43,424	199,510	326,538
Travel	5,346	786,622	791,968	15,701	168,454	127,829	1,103,952
Professional service fees	4,788	6,403,586	6,408,374	55,705	1,037,953	1,300,495	8,802,527
Legal fees	-	56,824	56,824	-	102,518	49,050	208,392
Public relations	2,571	165,710	168,281	13,482	15,144	120,553	317,460
Public education	3,596	1,445,068	1,448,664	366	2,485	-	1,451,515
Utilities and telephone	333	317,370	317,703	963	85,596	25,934	430,196
Postage	890	159,011	159,901	12,907	38,851	3,604	215,263
Equipment rental and maintenance	9,221	473,525	482,746	2,143	336,286	112,144	933,319
Insurance	4,500	75,631	80,131	-	10,735	10,322	101,188
Depreciation and amortization	2,316	279,489	281,805	8,867	255,848	246,065	792,585
Rent	16,800	50,000	66,800	-	(16,800)	96,356	146,356
Interest	-	-	-	-	-	68,177	68,177
Other	1,187	443,316	444,503	16,092	149,372	75,778	685,745
Total expenses by function	<u>\$ 447,338</u>	<u>\$ 48,220,880</u>	<u>\$ 48,668,218</u>	<u>\$ 862,822</u>	<u>\$ 8,631,462</u>	<u>\$ 4,537,797</u>	<u>\$ 62,700,299</u>

Program A: APH Museum

Program B: Production and support expenses related to producing products for the blind and low vision.

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidated Statements of Functional Expenses, continued

Year ended September 30, 2022

	Program					GoodMaps Inc.	
	Program A	Program B	Total	Fund-Raising and Development	General and Administrative	Administrative Expenses	Total
Cost of materials and production	\$ -	\$ 17,287,152	\$ 17,287,152	\$ -	\$ -	\$ -	\$ 17,287,152
GoodMaps Inc. cost of sales	-	323,492	323,492	-	-	-	323,492
Labor costs	351,673	19,631,439	19,983,112	680,781	5,498,818	2,296,420	28,459,131
Supplies	7,923	823,281	831,204	22,182	97,855	3,509	954,750
Dues and subscriptions	885	47,538	48,423	8,268	22,563	45,061	124,315
Travel	-	307,710	307,710	2,763	128,091	108,027	546,591
Professional service fees	9,663	3,706,514	3,716,177	17,965	3,260,538	605,475	7,600,155
Legal fees	-	-	-	-	43,367	178,916	222,283
Public relations	4,153	197,725	201,878	3	378	138,378	340,637
Public education	392	812,323	812,715	-	40,238	-	852,953
Utilities and telephone	-	362,056	362,056	-	73,828	15,405	451,289
Postage	658	237,800	238,458	7,630	35,832	2,063	283,983
Equipment rental and maintenance	15,737	609,332	625,069	-	251,356	39,189	915,614
Insurance	4,500	78,364	82,864	-	12,476	1,488	96,828
Depreciation and amortization	5,148	233,869	239,017	7,621	314,514	71,418	632,570
Rent	16,800	125,000	141,800	-	(16,800)	-	125,000
Interest	-	-	-	-	-	13,548	13,548
Other	878	406,880	407,758	11,253	93,886	45,488	558,385
Total expenses by function	\$ <u>418,410</u>	\$ <u>45,190,475</u>	\$ <u>45,608,885</u>	\$ <u>758,466</u>	\$ <u>9,856,940</u>	\$ <u>3,564,385</u>	\$ <u>59,788,676</u>

Program A: APH Museum

Program B: Production and support expenses related to producing products for the blind and low vision.

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Statements of Stockholders' Equity - GoodMaps Inc.

Years ended September 30, 2023 and 2022

	American Printing House for the Blind, Inc.				Non-controlling Interest			
	Common Stock - Class APH	Preferred Stock	Retained Deficit	Total	Common Stock - Class B	Preferred Stock	Retained Deficit	Total
At September 30, 2021	\$ 2,500,000	\$ -	\$ (3,033,930)	\$ (533,930)	\$ 5,594	\$ -	\$ -	\$ 5,594
Net loss	-	-	(209,113)	(209,113)	-	-	(2,337,836)	(2,337,836)
Stock-based compensation expense	-	-	-	-	15,994	-	-	15,994
Preferred stock issued	-	1,000,000	-	1,000,000	-	3,113,787	-	3,113,787
At September 30, 2022	2,500,000	1,000,000	(3,243,043)	256,957	21,588	3,113,787	(2,337,836)	797,539
Net loss	-	-	(1,784,148)	(1,784,148)	-	-	(860,039)	(860,039)
Stock-based compensation expense	-	-	-	-	62,500	-	-	62,500
At September 30, 2023	<u>\$ 2,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ (5,027,191)</u>	<u>\$ (1,527,191)</u>	<u>\$ 84,088</u>	<u>\$ 3,113,787</u>	<u>\$ (3,197,875)</u>	<u>\$ -</u>

GoodMaps Inc. has authorized 8,500,000 shares of Class APH Common Stock with a par value of \$0.0001. There were 8,500,000 shares of Class APH Common Stock issued and outstanding as of both September 30, 2023 and 2022.

GoodMaps Inc. has authorized 20,654,653 shares of Class A Common Stock with a par value of \$0.0001. There were no shares of Class A Common Stock issued and outstanding at September 30, 2023 and 2022.

GoodMaps Inc. has authorized 2,580,413 shares of Class B Common Stock with a par value of \$0.0001. There were 1,237,500 and 1,489,063 shares of Class B Common Stock issued and outstanding at September 30, 2023 and 2022, respectively.

GoodMaps Inc. has authorized 6,429,617 of Series A-1 Preferred Stock with a par value of \$0.0001. There were 6,429,617 shares of Series A-1 Preferred Stock issued and outstanding at September 30, 2023 and 2022.

GoodMaps Inc. has authorized 5,725,036 of Series A-2 Preferred Stock with a par value of \$0.0001. There were no shares of Series A-2 Preferred Stock issued and outstanding at September 30, 2023 and 2022.

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidated Statements of Cash Flows

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash received from customers	\$ 32,150,994	\$ 35,446,715
Cash paid to suppliers, employees, and others	(65,662,497)	(60,929,666)
Cash received from gifts and bequests	1,879,599	1,938,109
Interest and dividends	3,533,508	3,969,798
Other income and support	<u>17,310,256</u>	<u>13,340,793</u>
Net cash used in operating activities	(10,788,140)	(6,234,251)
Cash flows from investing activities:		
Proceeds from sales of marketable securities	66,463,098	79,684,786
Purchase of marketable securities	(52,775,386)	(69,625,727)
Proceeds from sales of property and equipment	-	(2,664,164)
Purchase of property and equipment	(12,297,572)	-
Software development costs	<u>(1,751,319)</u>	<u>-</u>
Net cash (used in) provided by investing activities	(361,179)	7,394,895
Cash flows from financing activities:		
Proceeds from issuance of Series A-1 Preferred Stock	-	2,214,999
Change in line of credit, net	205,000	255,000
Proceeds from SAFE and convertible notes payable	1,502,618	359,650
Payments of annuity obligations, net	<u>(20,559)</u>	<u>(20,362)</u>
Net cash provided by financing activities	<u>1,687,059</u>	<u>2,809,287</u>
(Decrease) increase in cash and cash equivalents	(9,462,260)	3,969,931
Cash and cash equivalents, beginning of year	<u>10,188,476</u>	<u>6,218,545</u>
Cash and cash equivalents, end of year	\$ <u><u>726,216</u></u>	\$ <u><u>10,188,476</u></u>

Non-cash financing and investing activities

During the years ended September 30, 2023 and 2022, GoodMaps Inc. recognized \$62,500 and \$15,994 of stock based compensation, respectively.

During the year ended September 30, 2022, \$898,788 of GoodMaps Inc. convertible notes payable and accrued interest were converted into Series A-1 Preferred Stock.

See accompanying notes.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements

1. Nature of Organization

American Printing House for the Blind, Inc. (APH) is a nonprofit organization that has promoted independence through learning since 1858, empowering people with blindness or low vision to live fulfilling and successful lives through the development, manufacturing, and provision of educational research, resources, technology, and programs.

APH is currently working with partners to develop the Monarch, the first ever multi-line digital display that provides braille and tactile graphics on the same surface. This innovative technology will bridge the existing educational gap for all blind and low vision students.

Changing public perception is critical to fulfilling APH's mission. Key to this effort is The Dot Experience, a museum that will explore the stories of the past, the lived experiences of blind and low vision people, and the potential of future innovation in an interactive format. This "showplace of accessibility" will be designed for all visitors and will be a model for inclusion in public spaces.

In October 2018, APH obtained control of a newly formed entity called Access Explorer, Inc. In March 2020, Access Explorer, Inc. changed its name to GoodMaps Inc. (GM). GM develops and maintains accessible mapping technology for indoor navigation, designed to empower everyone with the freedom and autonomy to discover the world around them.

The consolidated financial statements include the accounts of the APH and its wholly-owned subsidiary, GM (collectively, the Organization). Significant intercompany transactions and accounts have been eliminated.

2. Summary of Significant Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Organization in the preparation of its consolidated financial statements.

Basis of Presentation

Net assets and support, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - include the portion of expendable funds that are not subject to donor-imposed stipulations and include the following:

Undesignated: These net assets represent the portion of expendable funds available in operation of the Organization.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Basis of Presentation, continued

Invested in Property and Equipment: These net assets represent cumulative resources expended for property and equipment, less accumulated depreciation recorded.

Board-Designated - Accessible Textbook Program: These net assets represent funds designated by the Board of Trustees for the accessible textbook program. Although the Board of Trustees could release or revise the designation in the future, to the extent not externally restricted, there is no intent to do so.

Funded Status of Benefit Plan: This represents the overfunded or underfunded status of the Organization's defined benefit pension plan (see Note 12).

Net assets with donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The investment return on net assets with donor restriction may be restricted or unrestricted according to the donor's wishes.

When a donor restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported on the consolidated statements of activities as net assets released from restrictions. The Organization treats donor-restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with an original maturity of three months or less. Cash balances may exceed insured limits for federal deposit insurance. Management considers it very unlikely that any loss will result from the cash balance in excess of federal insurance limits.

Accounts Receivable and Other Receivable

Accounts receivable consist of amounts due from customers for sales of the Organization's products and services.

The other receivable is an advance made to a vendor of the Organization for development of a new product. The receivable is being repaid to the Organization based upon sales of the new product.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Accounts Receivable and Other Receivable, continued

The Organization provides an allowance for bad debts based upon the anticipated collectibility of each specific account. An allowance for bad debts is recorded to the extent it is probable that a portion or all of a particular account will not be collected. In evaluating the collectibility of accounts receivable, the Organization considers a number of factors, including historical loss rates, the age of the accounts, changes in collection patterns, the status of ongoing disputes with third-party payers, and general industry conditions. Actual collections of accounts receivable in subsequent periods may require changes in the estimated provision. Changes in the estimate are charged or credited to expenses in the period of change. Receivables are considered past due based upon invoice terms, and are written off when deemed uncollectible. The Organization does not charge interest on past due accounts.

Inventories

Inventories are stated at the lower of cost or net realizable value on the first-in, first-out identification method. Labor and overhead included in work-in-process and finished goods inventories are valued at standard hourly cost rates which approximate actual costs incurred. The Organization's reserve for obsolete inventory is based on the historical demand for product sales relative to inventory levels on hand at period end, adjusted for known changes in forecasted demand, if necessary.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for further discussion of fair value measurements. Receipts of donated investments are recorded at the quoted market value of the investments at the time of receipt.

The Organization invests in fixed income securities, including government and corporate bonds, in publicly-traded stocks and mutual funds, and in other investment vehicles such as hedge funds. These investments are subject to the risks common to financial markets, including interest rate risks, credit risks, and overall market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Return on investments includes the Organization's gains and losses on investments bought and sold as well as held during the year.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the straight-line basis over reasonably estimated useful lives of 3 to 40 years for the various classes of assets.

Revenue Recognition

APH's primary products include Braille and large type printed materials, recorded books in digital formats, specialized electronic equipment, and educational aids. These products are distributed to schools and agencies to educate blind or low vision students, individuals, and the National Library Service. Limited warranties are provided to customers for certain products that typically extend for a limited duration. Such warranties are not sold separately and do not provide customers with a service in addition to assurance of compliance with agreed-upon specifications. Historically, warranty claims have not resulted in material costs incurred.

GM's primary revenue is from services to map a customer's location and subscription services for the related mapping software.

The Organization recognizes revenue at the amount to which it expects to be entitled when control of the products or services is transferred to the customer. Control is generally transferred when the Organization has transferred to the customer all, or substantially all, of the benefits of ownership of the products or services. For APH, control transfers, and revenue is recognized, at the point in time when products are shipped. For GM, control transfers, and revenue is recognized, over the time period it takes to perform the mapping services and for subscription services, over the term of the related agreement.

For the years ended September 30, 2023 and 2022, sales of products and services includes APH revenue recognized at a point in time of \$35,032,164 and \$34,392,242, respectively, and GM revenue recognized over time of \$2,393,227 and \$1,277,676, respectively. At September 30, 2023 and 2022, GM recognized deferred revenue of \$22,815 and \$275,513, respectively related to amounts billed to customers that will be recognized over time in future periods.

Where shipping and handling activities and costs occur after control has transferred to the customer, these activities are considered to be fulfillment activities and are not considered a separate performance obligation. Costs related to these activities are accrued when revenue is recognized.

A portion of APH revenue is related to products distributed and sold under a Federal program (see Note 7). In accordance with the requirements of the Federal program, APH is required to sell the product at cost, which results in APH being subject to variable consideration. For each reporting period, APH calculates the profit on the products sold at their normal price and deducts this profit from amounts charged to the Federal program. For the years ended September 30, 2023 and 2022, APH recognized revenue of approximately \$26,758,000 and \$25,202,000, respectively, related to products distributed and sold under the Federal program.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Payment for products and services sales is collected within a short period of time following transfer of control or commencement of delivery of services, as applicable. Payment for product sales is generally due 30 days after delivery of the product. The Organization has elected to record revenue net of taxes collected from customers that are remitted to governmental authorities, with the collected taxes recorded within other current liabilities until remitted to the relevant government authority.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization are summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses.

Directly identifiable expenses are charged to the applicable program or supporting services. Certain expenses are not directly identifiable with any specific function, but provide for the overall support and direction of the Organization, and require allocation between functions on a reasonable basis that is consistently applied. The expenses that are allocated include labor costs and facility expenses (such as utilities and telephone, equipment rental and maintenance, and depreciation). Labor costs are allocated based upon the time the respective individual dedicates to program activities, fund-raising and development, and administrative duties. Facility expenses are allocated on a square footage basis.

Donated Goods and Services

Property, materials, and other in-kind assets received as donations are recorded and reflected in the accompanying consolidated financial statements at their estimated fair values at the date of receipt. Donated goods and services were not material to the consolidated financial statements in either the year ended September 30, 2023 or 2022.

Research and Development, and Software Development Costs

Research and development costs of APH are expensed when incurred.

Costs related to the development of GM's software are capitalized. Costs are capitalized during the application development stage and include the design, coding, installation and testing of the software. Costs capitalized also include modifications to the software that upgrade and enhance the software. Costs related to routine maintenance of the software are expensed when incurred. Software costs are amortized over the expected life of the respective software application.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Research and Development, and Software Development Costs, continued

Software development costs consisted of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Software development costs	\$ 2,071,987	\$ 320,668
Accumulated amortization	<u>(420,249)</u>	<u>(176,367)</u>
Total	<u>\$ 1,651,738</u>	<u>\$ 144,301</u>

Amortization of software development costs amounted to \$243,882 and \$64,133 for the years ended September 30, 2023 and 2022, respectively.

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs totaled \$51,717 and \$64,960 for the years ended September 30, 2023 and 2022, respectively.

Income Taxes

APH is a not-for-profit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Although APH is exempt from income taxes, any income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. APH generated no material unrelated business income for the years ended September 30, 2023 and 2022.

GM files Federal, state and local income tax returns as a C-corporation. Deferred taxes for GM are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Deferred taxes relate to net operating loss carryforwards, which have a 100% allowance.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. ASU 2016-13 will be effective for the Organization for the year ending September 30, 2024. The Organization is currently evaluating the effect that the new standard will have on its consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events for recognition or disclosure in the consolidated financial statements through February 15, 2024, which was the date at which the consolidated financial statements were available to be issued.

3. Liquidity and Availability

APH financial assets available for APH general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following as of September 30, 2023:

Cash and cash equivalents	\$ 416,400
Investments	115,251,838
Accounts receivable trade, net	901,235
Government programs receivable	10,570,868
Other receivable	<u>6,400</u>
Total APH financial assets without donor restrictions	127,146,741
Board-designated net assets	<u>(2,152,640)</u>
APH financial assets available to meet APH cash needs for general expenditures within one year	<u><u>\$124,994,101</u></u>

Donor-restricted endowment funds are not available for general expenditure, however, income from donor-restricted endowments is available for general use (see Note 11).

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

3. Liquidity and Availability, continued

The Board-designated net assets are restricted to expenditures related to the accessible textbook program. Although the Organization does not intend to spend from this Board-designated endowment (other than amounts appropriated for expenditures on the accessible textbook program as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

4. Split-Interest Agreements

The Organization has a lead interest in various split-interest agreements which provide periodic payments in perpetuity. The fair value of the contribution has been estimated based on the present value of estimated future distributions expected to be received, discounted at a rate of 4%. The present value of these agreements amounted to \$2,077,500 as of September 30, 2023 and 2022.

The Organization also has a remainder interest in a split-interest agreement from an irrevocable trust created by a donor. The fair value of the contribution from this agreement has been estimated and recorded based on the fair value of the assets contributed by the donor, adjusted for the present value of the payments expected to be made first to other beneficiaries. The adjusted payout rate to the beneficiaries is 5%. Actuarial assumptions are based on a single life expectancy. The beneficial interest under this agreement amounted to \$80,562 and \$80,380 at September 30, 2023 and 2022, respectively. These amounts are adjusted annually to reflect the amortization of discount and changes in actuarial assumptions.

5. Investments

Most long-term investments are held in three investment pools. Pool A is for amounts designated by the Board of Trustees for long-term investment, gifts creating annuity trusts, and also for permanent endowments and the net appreciation on those endowments. Pool B is for permanent endowments and the net appreciation of those endowments and for funding research and development. Pool C is for other investments.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

5. Investments, continued

The participation in the pools and ownership of the investments included in each type of net assets as reflected on the consolidated statements of financial position are as follows:

	Pool A	Pool B	Pool C	Total
<u>September 30, 2023</u>				
With donor restrictions	\$ 102,744	\$ 3,972,986	\$ -	\$ 4,075,730
Without donor restrictions	<u>97,158,856</u>	<u>-</u>	<u>18,092,982</u>	<u>115,251,838</u>
Total	<u>\$ 97,261,600</u>	<u>\$ 3,972,986</u>	<u>\$ 18,092,982</u>	<u>\$ 119,327,568</u>
<u>September 30, 2022</u>				
With donor restrictions	\$ 102,744	\$ 3,645,646	\$ -	\$ 3,748,390
Without donor restrictions	<u>102,182,162</u>	<u>-</u>	<u>17,092,649</u>	<u>119,274,811</u>
Total	<u>\$ 102,284,906</u>	<u>\$ 3,645,646</u>	<u>\$ 17,092,649</u>	<u>\$ 123,023,201</u>

6. Fair Value Measurements

The Organization classifies its assets and liabilities measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities at fair value. There have been no changes in the methodologies used to determine fair value at September 30, 2023 and 2022.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Valued at cost plus accrued interest, which approximates fair value.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Corporate stocks: Valued at unadjusted quoted prices for identical assets in active markets.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

6. Fair Value Measurements, continued

Corporate bonds and government securities: Valued at unadjusted quoted prices for similar assets in active markets or valued at unadjusted quoted prices for identical assets in inactive markets.

Hedge funds: Valued at the NAV of the units of participation in the fund. The hedge funds are valued at fair value based on audited financial information provided by the fund of the fair value of the underlying assets.

Split-interest agreements: Valued based on the present value of the estimated future benefits expected to be received by the Organization (see Note 4).

Annuities payable: Valued based on the present value of the estimated future payments expected to be made by the Organization to the annuitants (see Note 13).

The methods described above 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 fair values of the Organization's investments are based on third-party pricing information without adjustment. As permitted under the accounting guidance for fair value disclosures, the Organization has not provided quantitative information about the significant unobservable inputs used in the fair value measurements of these securities.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

6. Fair Value Measurements, continued

The following tables set forth by level within the fair value hierarchy the Organization's assets and liabilities at fair value:

	Level 1	Level 2	Level 3	Total
<u>September 30, 2023</u>				
Money market funds	\$ 23,658,662	\$ -	\$ -	\$ 23,658,662
Certificates of deposit	7,677,139	-	-	7,677,139
Mutual funds:				
Fixed income	20,860,289	-	-	20,860,289
Equity	38,919,971	-	-	38,919,971
Other	220,561	-	-	220,561
Corporate stocks	27,489,865	-	-	27,489,865
Corporate bonds	-	501,081	-	501,081
Total investments	118,826,487	501,081	-	119,327,568
Split-interest agreements	-	-	2,158,062	2,158,062
Annuities payable	-	-	(520,103)	(520,103)
Total assets and liabilities at fair value	<u>\$ 118,826,487</u>	<u>\$ 501,081</u>	<u>\$ 1,637,959</u>	<u>\$ 120,965,527</u>
<u>September 30, 2022</u>				
Money market funds	\$ 34,188,913	\$ -	\$ -	\$ 34,188,913
Certificates of deposit	9,319,677	-	-	9,319,677
Mutual funds:				
Fixed income	20,338,095	-	-	20,338,095
Equity	35,296,265	-	-	35,296,265
Other	226,080	-	-	226,080
Corporate stocks	22,886,618	-	-	22,886,618
Corporate bonds	-	722,747	-	722,747
Government securities	-	39,610	-	39,610
Hedge funds	-	-	5,196	5,196
Total investments	122,255,648	762,357	5,196	123,023,201
Split-interest agreements	-	-	2,157,880	2,157,880
Annuities payable	-	-	(585,226)	(585,226)
Total assets and liabilities at fair value	<u>\$ 122,255,648</u>	<u>\$ 762,357</u>	<u>\$ 1,577,850</u>	<u>\$ 124,595,855</u>

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

6. Fair Value Measurements, continued

To assess the appropriate classification of assets and liabilities within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of assets and liabilities from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization's management evaluates the significance of transfers between levels based upon the nature of the assets and liabilities and size of the transfer relative to total net assets. For both the years ended September 30, 2023 and 2022, there were no significant transfers in or out of Level 3.

The following table reconciles the beginning of year and end of year balances of the Level 3 assets and liabilities for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,577,850	\$ 1,382,518
Sales	6,274	-
Actuarial change	44,746	179,640
Payments to annuitants	20,559	20,362
Realized losses	(2,571)	(3,649)
Unrealized losses	<u>(8,899)</u>	<u>(1,021)</u>
Balance, end of year	<u>\$ 1,637,959</u>	<u>\$ 1,577,850</u>

The table below sets forth the fair value of investments in certain entities that calculated net asset value per share (or its equivalent):

Investment	Fair Value at September 30		Unfunded Commitment	Redemption Frequency	Redemption Notice Period
	2023	2022			
Multi-strategy hedge funds (a)	\$ -	\$ 5,196	\$ -	Semi-annual and Semi-monthly	5 - 95 days

- (a) This category consists of hedge funds that invest in a variety of managers and strategies. The fair values of the investments in this category have been estimated using the net asset value of the Organization's capital balance.

7. Government Programs Receivable

The Organization receives Federal government subsidies each year designated for providing materials, research and development, and other services to schools and institutions for the blind or low vision. The subsidies grant amounted to \$43,431,000 and \$40,431,000 for the years ended September 30, 2023 and 2022, respectively. The balance of this account at September 30, 2023 and 2022 includes, in part, amounts drawn in excess of the available subsidies provided for the year to the schools and agencies but collectible from them from subsequent subsidies.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

8. Inventories

Inventories consist of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Finished goods	\$ 11,226,102	\$ 6,231,553
Work-in-process	623,430	708,117
Raw materials	<u>8,030,552</u>	<u>5,295,960</u>
	19,880,084	12,235,630
Less reserve for obsolete or excess inventory	<u>(1,862,520)</u>	<u>(1,619,577)</u>
Total	<u>\$ 18,017,564</u>	<u>\$ 10,616,053</u>

9. Property and Equipment

The following is a summary of property and equipment, at cost, less accumulated depreciation as of September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 92,433	\$ 92,433
Construction in progress	13,699,697	2,053,999
Buildings and improvements	8,021,070	8,139,894
Machinery and equipment	4,655,321	4,036,986
Office equipment	<u>4,102,847</u>	<u>4,053,496</u>
	30,571,368	18,376,808
Less accumulated depreciation	<u>(14,752,326)</u>	<u>(14,223,981)</u>
Total	<u>\$ 15,819,042</u>	<u>\$ 4,152,827</u>

Total depreciation expense was \$631,357 and \$568,437 for the years ended September 30, 2023 and 2022, respectively.

Construction in progress at September 30, 2023 represents costs incurred in connection with the building renovation and new museum project. The total estimated remaining cost of this project as of September 30, 2023 is approximately \$48,800,000.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

10. Net Assets With Donor Restrictions

Net assets with donor restrictions as of September 30, 2023 and 2022 are restricted for the following purpose:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
Assets held under split-interest agreements	\$ 2,158,062	\$ 2,157,880
Subject to expenditure for specified purpose	1,021,236	732,657
Endowments:		
Earnings on perpetual endowment subject to endowment spending policy and appropriation	1,591,061	1,384,682
Funds held in perpetuity	<u>2,484,670</u>	<u>2,363,708</u>
Total endowments	<u>4,075,731</u>	<u>3,748,390</u>
Total net assets with donor restrictions	<u>\$ 7,255,029</u>	<u>\$ 6,638,927</u>

Net assets released from restrictions during the years ended September 30, 2023 and 2022 are due to APH's spending policy appropriating earnings on the restricted endowment for general use in the Organization and incurring expenditures that meet donor restrictions.

11. Net Asset Endowment

APH's endowment fund consists of Board-designated funds for the accessible textbook program and donor-imposed restricted funds. Net assets associated with the endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of APH has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the spending power of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies, as perpetual in nature, the original value of gifts donated to the permanent endowment, original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument or to maintain spending power. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as purpose and time restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

11. Net Asset Endowment, continued

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund; (2) the purposes of the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Organization; and (7) the investment and spending policies of the Organization.

Endowment net asset composition by type of fund was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>September 30, 2023</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,484,670	\$ 2,484,670
Accumulated investment returns	-	1,591,061	1,591,061
Board-designated endowment funds	<u>2,152,640</u>	<u>-</u>	<u>2,152,640</u>
Total	<u>\$ 2,152,640</u>	<u>\$ 4,075,731</u>	<u>\$ 6,228,371</u>
<u>September 30, 2022</u>			
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,363,708	\$ 2,363,708
Accumulated investment returns	-	1,384,682	1,384,682
Board-designated endowment funds	<u>1,975,289</u>	<u>-</u>	<u>1,975,289</u>
Total	<u>\$ 1,975,289</u>	<u>\$ 3,748,390</u>	<u>\$ 5,723,679</u>

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

11. Net Asset Endowment, continued

The changes in endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2021	\$ 2,144,239	\$ 4,911,638	\$ 7,055,877
Investment return:			
Investment income	34,975	257,085	292,060
Net appreciation - realized and unrealized	(203,925)	(1,205,474)	(1,409,399)
Appropriation of endowment assets pursuant to spending policy	<u>-</u>	<u>(214,859)</u>	<u>(214,859)</u>
Endowment net assets, September 30, 2022	1,975,289	3,748,390	5,723,679
Investment return:			
Investment income	54,187	150,681	204,868
Net appreciation - realized and unrealized	123,164	577,092	700,256
Appropriation of endowment assets pursuant to spending policy	<u>-</u>	<u>(400,432)</u>	<u>(400,432)</u>
Endowment net assets, September 30, 2023	<u>\$ 2,152,640</u>	<u>\$ 4,075,731</u>	<u>\$ 6,228,371</u>

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. Deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of September 30, 2023 and 2022.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

11. Net Asset Endowment, continued

Return Objectives and Risk Parameters

APH has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that APH must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results to mirror those of major indexes while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

APH has a policy of appropriating distributions based on the endowment fund's average fair value over the prior three years through the year end preceding the fiscal year in which the distribution is planned. In establishing this policy, APH considered the long-term expected return on its endowment. Accordingly, over the long term, APH expects the current spending policy to allow its endowment to maintain the fair value of the original gift. This is consistent with APH's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

12. Retirement Plan

APH maintains a qualified, non-contributory defined benefit pension plan. The plan was amended on November 19, 2020, which resulted in accrued benefits as of January 31, 2021 being frozen and changed the calculation of retirement benefits for participants who remain employed by APH until their normal retirement age.

Covered compensation was frozen as of January 31, 2021, and does not increase after that date. Monthly earnings earned or paid to a participant after January 31, 2021 is not taken into account in determining a participant's average monthly earnings.

Credited service of any participant does not increase after January 31, 2021. Service performed on or after February 1, 2021 is not taken into account for purposes of computing service for benefit accrual purposes under the plan.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

12. Retirement Plan, continued

Benefits paid to retirees are based on age at retirement, years of service credit, and average compensation in accordance with the following:

For participants who separated from APH prior to January 1, 2021, their benefit is calculated as: 1.2% of the participant's average monthly earnings (based upon the average annual compensation of the participant for the five consecutive plan years which produce the highest average), multiplied by the participant's credited service, plus 0.5% of the participant's average monthly earnings (based upon the average annual compensation of the participant for the five consecutive plan years which produce the highest average) in excess of the participant's covered compensation, with such amount multiplied by the participant's credited service (not to exceed 35 years).

For participants who separate from APH on or after January 1, 2021, the benefit is calculated as the greater of:

- 1.32% of one-twelfth of the participant's 2020 earnings (as defined in the plan agreement), multiplied by the participant's credited service, plus 0.5% of one-twelfth of the participant's 2020 earnings in excess of the participant's covered compensation, with such amount multiplied by the participant's credited service (not to exceed 35 years); or
- 1.32% of the participant's average monthly earnings (based upon the average annual compensation of the participant for the five consecutive plan years prior to January 31, 2021 which produce the highest average), multiplied by the participant's credited service, plus 0.5% of the participant's average monthly earnings in excess of the participant's covered compensation, with such amount multiplied by the participant's credited service (not to exceed 35 years).

The Organization's funding policy is to contribute the larger of the amount required to fully fund the plan's current liability or the amount necessary to meet the funding requirements, as defined by the IRC. Employer contributions totaling \$1,600,000 were made during the year ended September 30, 2022 for the plan. No contributions were made during the year ended September 30, 2023. Benefits of \$2,945,487 and \$2,926,936 were paid during the years ended September 30, 2023 and 2022, respectively, for the plan.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

12. Retirement Plan, continued

Obligations and Funded Status

The benefit obligations, plan assets and funded status of APH's pension plan were as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Obligations and funded status:		
Fair value of plan assets	\$ 42,160,395	\$ 40,584,932
Projected benefit obligation	<u>41,168,228</u>	<u>43,658,676</u>
Funded status at end of year	<u>\$ 992,167</u>	<u>\$ (3,073,744)</u>
Amounts recognized on the consolidated statements of financial position:		
Overfunding of the defined benefit plan	<u>\$ 992,167</u>	<u>\$ -</u>
Underfunded defined benefit plan obligation	<u>\$ -</u>	<u>\$ 3,073,744</u>

The accumulated benefit obligation for the plan was \$41,168,228 and \$43,658,676 at September 30, 2023 and 2022, respectively.

Components of the annual net periodic benefit income for the defined benefit plan were as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Interest cost	\$ (2,202,991)	\$ (1,553,560)
Amortization of net loss	(571,412)	(725,102)
Expected return on plan assets	<u>2,916,599</u>	<u>3,579,475</u>
Net periodic benefit income	<u>\$ 142,196</u>	<u>\$ 1,300,813</u>

Assumptions

The following are the weighted-average assumptions used to determine benefit obligations and net periodic cost as of September 30:

	<u>2023</u>	<u>2022</u>
In computing ending obligations:		
Discount rate	5.75%	5.25%
Rate of compensation increase	N/A	N/A
In computing expected return on assets	7.50	7.50

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

12. Retirement Plan, continued

Plan Assets

APH's Board of Trustees has established an investment policy for the plan. The general investment principles of the policy require that investments be made solely in the interest of the beneficiaries, that the plan be invested with care, skill, prudence, and diligence, that the plan be reasonably diversified to reduce the risk of large losses, that the Board may employ one or more investment managers to attain plan objectives, and that cash is to be employed productively at all times.

The investment management policy of the plan requires the investment managers to preserve capital, ensure that the risk is commensurate with the given investment style and objectives, and to adhere to the investment management styles for which the investment manager is hired. The goals of each investment manager are to meet or exceed the market index or benchmark selected by the Board and to display an overall level of risk in the portfolio that is consistent with the established benchmark.

The investment policy requires an asset mix of a minimum of 65% of equity securities and a maximum of 75% with a preferred target of 70% and for a minimum of 25% of fixed income securities and a maximum of 35% with a preferred target of 30%.

The long-term rate of return on assets is consistent with the historical performance of the plan assets as managed under the investment policy. Management anticipates that over a long period of time this will be the best estimate of future experience under the plan with regard to the explicit assumptions. Management anticipates that the current investment policy administered over a long period of time to current and future plan assets will result in plan assets accumulating at a rate consistent with the rate selected by management for the assumptions.

The following tables set forth by level within the fair value hierarchy the pension plan assets by asset category at fair value as of September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2023</u>				
Money market funds	\$ 3,986,511	\$ -	\$ -	\$ 3,986,511
Government securities	-	830,429	-	830,429
Corporate bonds	-	3,642,703	-	3,642,703
Mutual funds:				
Stocks	11,934,174	-	-	11,934,174
Fixed income	9,538,650	-	-	9,538,650
Corporate stocks	<u>12,227,928</u>	<u>-</u>	<u>-</u>	<u>12,227,928</u>
Total assets at fair value	<u>\$ 37,687,263</u>	<u>\$ 4,473,132</u>	<u>\$ -</u>	<u>\$ 42,160,395</u>

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

12. Retirement Plan, continued

Plan Assets, continued

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2022</u>				
Money market funds	\$ 6,404,915	\$ -	\$ -	\$ 6,404,915
Government securities	-	688,948	-	688,948
Corporate bonds	-	4,137,356	-	4,137,356
Mutual funds:				
Stocks	9,816,254	-	-	9,816,254
Fixed income	9,516,429	-	-	9,516,429
Corporate stocks	<u>10,021,030</u>	<u>-</u>	<u>-</u>	<u>10,021,030</u>
Total assets at fair value	<u>\$ 35,758,628</u>	<u>\$ 4,826,304</u>	<u>\$ -</u>	<u>\$ 40,584,932</u>

Estimated future benefit payments from the plan are expected to be paid as follows for the year ending September 30:

2024	\$ 3,179,036
2025	3,206,156
2026	3,219,138
2027	3,219,058
2028	3,223,930
2029-2033	15,904,806

Deferred Compensation Plan

APH also has a non-qualified, executive deferred compensation plan covering certain key employees. The Organization may, at its option, make employer contributions to the key employees' deferral accounts. Employer contributions totaling \$124,016 and \$83,950 were made to the deferred compensation plan in the years ended September 30, 2023 and 2022, respectively. The Organization's liability for the deferred compensation plan totaled \$231,298 and \$248,997 at September 30, 2023 and 2022, respectively.

13. Charitable Gift Annuities

APH by action of its Board of Trustees, previously adopted a plan that allows the acceptance of charitable gifts from individual contributors through either single or two-life gift annuities.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

13. Charitable Gift Annuities, continued

A charitable gift annuity is a plan by which a gift of cash or property is made to a qualified organization in exchange for the organization's agreement to pay a life annuity to the donor. The present value portion of the annuity obligation is recorded as a payable and the difference between the present value of the obligation and the fair value of the principal contributed is recognized as a donor-restricted contribution. Income earned on this principal is unrestricted. The charitable gift annuities are discounted using the IRC's Applicable Federal Rate for the month the annuity is received by the Organization.

APH received no funds for charitable annuities during the years ended September 30, 2023 and 2022.

A total of \$20,559 and \$20,362 was paid out on annuity contracts during the years ended September 30, 2023 and 2022, respectively.

14. Employee Benefit Plan

APH established a 401(k) plan effective July 1, 1999 and all employees employed as of that date were eligible to participate. Employees must attain age 21 to be eligible to participate in the 401(k) plan. Employees are automatically enrolled in the plan at a rate of 4% of eligible wages. Employees are immediately eligible for APH's matching contributions. Participants in the plan may make voluntary deferrals by payroll deduction up to the maximum allowed under the IRC. APH makes matching contributions up to 4% of each participant's eligible compensation. Discretionary contributions may also be made by APH each year for allocation to all eligible employees. APH's contributions to the plan were \$764,273 and \$648,296 for the years ended September 30, 2023 and 2022, respectively.

15. Line of Credit

In September 2021, APH entered into a line of credit agreement with a bank for a total amount of \$5,000,000, with interest at the daily Bloomberg Short-Term Bank Yield Index rate, plus 2.0% (7.39% at September 30, 2023). The line of credit agreement has been extended and matures on September 30, 2024. The amounts outstanding on the line of credit were \$460,000 and \$255,000 at September 30, 2023 and 2022, respectively.

16. SAFE and Convertible Notes Payable

In January 2021, GM issued Series 2021A convertible notes payable in the amount of \$510,000. As of September 30, 2021, GM had \$500,350 of the convertible notes outstanding. A further convertible note for \$350,000 was issued in December 2021. The notes had a maturity date of January 8, 2023 and accrued interest at the rate of 8% per annum. In January 2022, all of the convertible notes, plus accrued interest, were converted into 1,566,929 shares of Series A-1 Preferred Stock.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

16. SAFE and Convertible Notes Payable, continued

In May 2023, GM issued Simple Agreement for Future Equity (SAFE) notes in the amount of \$2,672,484. Further SAFE notes of \$50,000 and \$616,666 were issued in July 2023 and August 2023, respectively. The SAFE notes are convertible into 2,923,431 shares of Series A-2 preferred stock. APH holds \$1,836,532 of the SAFE notes.

17. GoodMaps Inc. Stock

Common stock

GM has three classes of common stock: Class APH, Class A and Class B. The rights and privileges of all classes of common stock are identical other than the Class APH and Class A common stock have voting rights and the Class B common stock are non-voting shares. The Class APH common stock elect up to four directors to the Board of Directors of GM. The holders of the Class APH, Class A and preferred stock, voting together, elect the at large directors to the Board of Directors of GM.

The Class B common stock issued and outstanding were issued under GM's Stock and Incentive Compensation Plan (the Plan). The Plan was established on February 7, 2020. Under the Plan the Board of Directors may award Restricted Stock to employees. Each Restricted Stock award is subject to forfeiture during the vesting period. Generally, the Restricted Stock awards vest, and thereby are no longer subject to restrictions and forfeiture, quarterly over a vesting period of three years. In addition, the awards become 100% vested immediately before a change of control of GM, provided the awardee provides services to GM through the closing of such change of control.

During the years ended September 30, 2023 and 2022, awards totaling 500,000 and 350,000 shares of restricted stock, respectively, were made under the Plan. The grant date fair value of the awards issued during the year ended September 30, 2023 was \$0.60 and during the year ended September 30, 2022 was \$0.20, as calculated by an independent third party.

The following represents the number of shares of restricted awards outstanding and vested:

Awards made during the year ended:	<u>Total</u>	<u>Vested at September 30</u>	
		<u>2023</u>	<u>2022</u>
September 30, 2021	826,563	698,438	509,375
September 30, 2022	162,500	112,500	-
September 30, 2023	<u>500,000</u>	<u>-</u>	<u>-</u>
Total	<u>1,489,063</u>	<u>810,938</u>	<u>509,375</u>

During the year ended September 30, 2023, 60,937 of awards with a grant date fair value of \$0.01 and 187,500 of awards with a grant date fair value of \$0.20, were forfeited. No amounts were forfeited during the year ended September 30, 2022.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to Consolidated Financial Statements, continued

17. GoodMaps, Inc. Stock, continued

During the years ended September 30, 2023 and 2022, compensation cost of \$62,500 and \$15,994, respectively, was recognized in the consolidated statements of activities. As of September 30, 2023, \$302,233 of compensation will be recognized over the remaining service period.

Preferred stock

The preferred stock, upon a liquidation event, are entitled to receive, prior and in preference to the holders of all classes of common stock, approximately \$0.66 per share, as adjusted for any stock splits, stock combinations, reorganizations or similar events. If the assets and funds of GM are insufficient to pay the full \$0.66 per share, then the assets and funds of GM will be distributed ratably among the holders of the preferred stock. The holders of the preferred stock elect up to two directors to the Board of Directors of GM.

Each share of preferred stock is convertible, at the option of the holder, to Class A common stock.

During the year ended September 30, 2022, GM issued 6,429,617 shares of Series A-1 preferred stock, of which, 1,566,929 were issued upon conversion of the convertible notes payable (see Note 16). The remaining Series A-1 preferred stock were issued at approximately \$0.66 per share.

The Class APH common stock and 1,512,500 shares of the preferred stock were held by APH at both September 30, 2023 and 2022. Employees and other third parties hold the Class B common stock and the remaining preferred stock, and represent the non-controlling interest on the consolidated statement of financial position.

18. Subsequent Events

In December 2023, the American Printing House for the Blind New Retirement Plan purchased an annuity agreement to payout 160 plan participants. Monthly annuity payments began in January 2024.

ADDITIONAL INFORMATION

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Schedules of Cost of Sales

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
American Printing House for the Blind, Inc.		
Inventory, beginning of year	\$ 10,616,053	\$ 10,762,975
Costs of goods manufactured	<u>37,411,270</u>	<u>27,045,676</u>
Cost of goods available for distribution	48,027,323	37,808,651
Inventory, end of year	<u>18,017,564</u>	<u>10,616,053</u>
Total cost of sales - American Printing House for the Blind, Inc.	30,009,759	27,192,598
Cost of sales - GoodMaps, Inc.	<u>510,272</u>	<u>323,492</u>
Total cost of sales	<u>\$ 30,520,031</u>	<u>\$ 27,516,090</u>

See Independent Auditor's Report.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidating Statement of Financial Position

September 30, 2023

	American Printing House for the Blind, Inc.	GoodMaps Inc.	Eliminations	Consolidated Total
Assets				
Cash and cash equivalents	\$ 416,400	\$ 309,816	\$ -	\$ 726,216
Investments	115,251,838	-	-	115,251,838
Investments, the use of which is limited	4,075,730	-	-	4,075,730
Investment in subsidiary	(1,527,191)	-	1,527,191	-
SAFE note investment in subsidiary	1,836,532	-	(1,836,532)	-
Accounts receivable, trade, net of allowance for bad debts	901,235	520,803	-	1,422,038
Government programs receivable	10,570,868	-	-	10,570,868
Intercompany receivable	477,612	-	(477,612)	-
Split-interest agreements	2,158,062	-	-	2,158,062
Inventories, net of reserve	18,017,564	-	-	18,017,564
Prepaid expenses and other assets	3,097,137	69,344	-	3,166,481
Other receivable	6,400	-	-	6,400
Overfunding of pension plan	992,167	-	-	992,167
Property and equipment, net of accumulated depreciation	15,655,997	163,045	-	15,819,042
Software development costs, net of amortization	-	1,651,738	-	1,651,738
Total assets	<u>\$ 171,930,351</u>	<u>\$ 2,714,746</u>	<u>\$ (786,953)</u>	<u>\$ 173,858,144</u>

See Independent Auditor's Report.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidating Statement of Financial Position, continued

September 30, 2023

	American Printing House for the Blind, Inc.	GoodMaps Inc.	Eliminations	Consolidated Total
Liabilities and Net Assets				
Liabilities:				
Line of credit	\$ 460,000	\$ -	\$ -	\$ 460,000
Accounts payable and customer deposits	9,012,377	224,541	-	9,236,918
Accrued payroll	373,831	12,827	-	386,658
Accrued taxes and payroll withholdings	232,636	7,147	-	239,783
Accrued vacation	1,326,279	-	-	1,326,279
Annuities payable	520,103	-	-	520,103
Other accrued expenses	-	175,457	(17,612)	157,845
Deferred revenue	-	22,815	-	22,815
Intercompany loan	-	460,000	(460,000)	-
SAFE notes payable	-	3,339,150	(1,836,532)	1,502,618
Deferred compensation liability	<u>231,298</u>	<u>-</u>	<u>-</u>	<u>231,298</u>
Total liabilities	12,156,524	4,241,937	(2,314,144)	14,084,317
Net assets and stockholder's equity:				
Without donor restrictions:				
Undesignated	133,717,994	-	(163,045)	133,554,949
Invested in property and equipment	15,655,997	-	163,045	15,819,042
Board-designated - accessible textbook program	2,152,640	-	-	2,152,640
Funded status of benefit plan	<u>992,167</u>	<u>-</u>	<u>-</u>	<u>992,167</u>
Total without donor restrictions	152,518,798	-	-	152,518,798
With donor restrictions:				
Purpose and time restricted	4,770,359	-	-	4,770,359
Perpetual in nature	<u>2,484,670</u>	<u>-</u>	<u>-</u>	<u>2,484,670</u>
Total with donor restrictions	7,255,029	-	-	7,255,029
Total net assets	159,773,827	-	-	159,773,827
GoodMaps, Inc. stockholders' equity	<u>-</u>	<u>(1,527,191)</u>	<u>1,527,191</u>	<u>-</u>
Total net assets and stockholder's equity before non-controlling interest	159,773,827	(1,527,191)	1,527,191	159,773,827
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets and stockholders' equity	<u>159,773,827</u>	<u>(1,527,191)</u>	<u>1,527,191</u>	<u>159,773,827</u>
Total liabilities, net assets and stockholders' equity	<u>\$ 171,930,351</u>	<u>\$ 2,714,746</u>	<u>\$ (786,953)</u>	<u>\$ 173,858,144</u>

See Independent Auditor's Report.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Consolidating Statement of Activities

Year ended September 30, 2023

	American Printing House for the Blind, Inc.			GoodMaps Inc.	Eliminations	Consolidated Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Support, revenues and gains:						
Sale of products and services	\$ 35,032,164	\$ -	\$ 35,032,164	\$ 2,393,227	\$ -	\$ 37,425,391
Contributions and bequests	1,037,149	887,196	1,924,345	-	-	1,924,345
Grants	16,861,166	-	16,861,166	-	-	16,861,166
Return on investments:						
Interest and dividends	3,490,947	150,681	3,641,628	-	-	3,641,628
Gain on investments, net	9,240,309	400,196	9,640,505	-	-	9,640,505
Miscellaneous income	438,435	-	438,435	10,655	-	449,090
Loss from subsidiary	(1,784,148)	-	(1,784,148)	-	1,784,148	-
Net assets released from restrictions	821,971	(821,971)	-	-	-	-
Total support, revenues and gains	65,137,993	616,102	65,754,095	2,403,882	1,784,148	69,942,125
Expenses:						
Program expenses:						
Costs of sales	30,009,759	-	30,009,759	510,272	-	30,520,031
Program support	18,148,187	-	18,148,187	-	-	18,148,187
Total program expenses	48,157,946	-	48,157,946	510,272	-	48,668,218
Fund-raising and development expenses	862,822	-	862,822	-	-	862,822
General and administrative expenses	8,631,462	-	8,631,462	-	-	8,631,462
GoodMaps, Inc. administrative expenses	-	-	-	4,537,797	-	4,537,797
Total expenses	57,652,230	-	57,652,230	5,048,069	-	62,700,299
Net gain for the retirement plan	4,065,911	-	4,065,911	-	-	4,065,911
Non-controlling interest in net loss	-	-	-	-	860,039	860,039
Change in net assets/Net loss	\$ 11,551,674	\$ 616,102	\$ 12,167,776	\$ (2,644,187)	\$ 2,644,187	\$ 12,167,776

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Schedule of Expenditures of Federal Awards

For the Year ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
Federal appropriation:			
United States Department of Education American Printing House for the Blind	84.906	\$ -	\$ 44,053,562
Federal grant:			
United States Department of Education National Instructional Materials Access Center	84.327E	-	643,429
Total expenditures of federal awards		\$ -	\$ 44,696,991

See Independent Auditor's Report and the Notes to the Schedule of Expenditures of Federal Awards.

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Notes to the Schedule of Expenditures of Federal Awards

For the Year ended September 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of American Printing House for the Blind, Inc. (the Organization) under programs of the federal government for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing
Standards***

Independent Auditor's Report

Board of Trustees
American Printing House for the Blind, Inc.
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of American Printing House for the Blind, Inc. and its subsidiary (the Organization), which comprise the consolidated statement of financial position as of September 30, 2023, the related consolidated statements of activities, functional expenses, stockholders' equity - GoodMaps Inc., and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated February 15, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees
American Printing House for the Blind, Inc.
Report on IC, Compliance and Other Matters in Accordance With GAS, continued

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dean Dotson Allen Ford, PLLC

Louisville, Kentucky
February 15, 2024



Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

Independent Auditor's Report

Board of Trustees
American Printing House for the Blind, Inc.
Louisville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Printing House for the Blind, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dean Dorton Allen Ford, PLLC

Louisville, Kentucky
February 15, 2024

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) ☐ Yes ☒ No

Identification of major programs:

Assistance Listing Number(s)

84.906

Name of Federal Program or Cluster

American Printing House for the Blind

Dollar threshold used to distinguish between type A and type B programs:

\$1,340,910

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

AMERICAN PRINTING HOUSE FOR THE BLIND, INC.

Schedule of Findings and Questioned Costs, continued

Year ended September 30, 2023

II. FINANCIAL STATEMENT FINDINGS

No matters reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.