KPMG

# PERKINS SCHOOL FOR THE BLIND

Consolidated Financial Statements

June 30, 2024 and 2023

(With Independent Auditors’ Report Thereon)

PERKINS SCHOOL FOR THE BLIND

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KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

## Independent Auditors' Report

The Board of Trustees
Perkins School for the Blind:

*Opinion*

We have audited the consolidated financial statements of Perkins School for the Blind (the School), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

*Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the School 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 School'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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.

KPMG LLP

Hartford, Connecticut
January 15, 2025

**PERKINS SCHOOL FOR THE BLIND**

Consolidated Statements of Financial Position

June 30, 2024 and June 30, 2023

| | | 2024 | 2023 |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ | 1,757,445 | 1,117,295 |
| Accounts receivable, net | | 8,725,862 | 10,459,991 |
| Grants receivable | | 2,163,994 | 2,242,667 |
| Pledges receivable, net | | 1,814,737 | 4,428,006 |
| Prepaid expense & other assets | | 3,227,898 | 3,063,795 |
| Inventory, net | | 5,107,169 | 5,504,599 |
| Investments | | 341,426,148 | 329,415,704 |
| Assets held by outside trusts | | 10,501,543 | 9,715,147 |
| Fixed assets, net | | 50,013,708 | 52,376,517 |
| Total assets | $ | 424,738,504 | 418,323,721 |
| **Liabilities and Net Assets** | | | |
| Accounts payable and accrued liabilities | $ | 9,480,126 | 5,389,177 |
| Deferred revenue | | 970,809 | 177,075 |
| Line of credit | | 2,365,873 | 2,550,000 |
| Bond payable | | 23,914,583 | 25,006,728 |
| Asset retirement obligations | | 1,423,531 | 1,423,531 |
| Total liabilities | | 38,154,922 | 34,546,511 |
| Without donor restrictions | | 192,889,134 | 200,568,789 |
| With donor restrictions | | 193,694,448 | 183,208,421 |
| Total net assets | | 386,583,582 | 383,777,210 |
| Total liabilities and net assets | $ | 424,738,504 | 418,323,721 |

See accompanying notes to the consolidated financial statements.

**PERKINS SCHOOL FOR THE BLIND**

Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2024

| | Without donor restrictions | With donor restrictions | 2024 Total |
|---|---|---|---|
| Operating: | | | |
| Revenues and other support: | | | |
| Tuition | $ 44,538,218 | — | 44,538,218 |
| Program service revenue | 4,999,583 | — | 4,999,583 |
| Sales of materials for the blind | 5,698,873 | — | 5,698,873 |
| Government grants | 10,165,010 | — | 10,165,010 |
| Gifts and private grants | 3,761,987 | 2,283,987 | 6,045,974 |
| Contributions of non-financial assets | 1,044,383 | — | 1,044,383 |
| Other revenues | 83,006 | — | 83,006 |
| Income from outside trusts | 498,174 | — | 498,174 |
| Total operating revenues | 70,789,234 | 2,283,987 | 73,073,221 |
| Endowment return utilized in operations | 30,680,647 | — | 30,680,647 |
| Net assets released from restrictions and transfers | 2,819,767 | (2,819,767) | — |
| Total operating revenues and other support | 104,289,648 | (535,780) | 103,753,868 |
| Expenses: | | | |
| Program expense: | | | |
| Educational programs | 55,416,040 | — | 55,416,040 |
| Supporting services | 28,957,290 | — | 28,957,290 |
| Administration | 19,538,032 | — | 19,538,032 |
| Fundraising | 4,993,178 | — | 4,993,178 |
| Total operating expenses | 108,904,540 | — | 108,904,540 |
| Change in net assets from operating activities | (4,614,892) | (535,780) | (5,150,672) |
| Nonoperating: | | | |
| Net investment return | 17,731,391 | 17,908,128 | 35,639,519 |
| Endowment return utilized in operations | (22,375,929) | (8,304,718) | (30,680,647) |
| Gifts and legacies | 1,601,627 | 631,195 | 2,232,822 |
| Change in value of split-interest agreements | (21,852) | 787,202 | 765,350 |
| Change in net assets from nonoperating activities | (3,064,763) | 11,021,807 | 7,957,044 |
| Total change in net assets | (7,679,655) | 10,486,027 | 2,806,372 |
| Net assets: | | | |
| Beginning of year | 200,568,789 | 183,208,421 | 383,777,210 |
| End of year | $ 192,889,134 | 193,694,448 | 386,583,582 |

See accompanying notes to the consolidated financial statements.

**PERKINS SCHOOL FOR THE BLIND**

Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2023

| | Without donor restrictions | With donor restrictions | 2023 Total |
|---|---|---|---|
| Operating: | | | |
| Revenues and other support: | | | |
| Tuition | $ 38,961,463 | — | 38,961,463 |
| Program service revenue | 8,642,871 | — | 8,642,871 |
| Sales of materials for the blind | 5,630,422 | — | 5,630,422 |
| Government grants | 10,931,667 | — | 10,931,667 |
| Gifts and private grants | 3,506,881 | 7,795,431 | 11,302,312 |
| Contributions of non-financial assets | 901,589 | — | 901,589 |
| Other revenues | 221,196 | — | 221,196 |
| Income from outside trusts | 450,284 | — | 450,284 |
| Total operating revenues | 69,246,373 | 7,795,431 | 77,041,804 |
| Endowment return utilized in operations | 20,669,570 | — | 20,669,570 |
| Net assets released from restrictions and transfers | 4,302,557 | (4,302,557) | — |
| Total operating revenues and other support | 94,218,500 | 3,492,874 | 97,711,374 |
| Expenses: | | | |
| Program expense: | | | |
| Educational programs | 52,977,598 | — | 52,977,598 |
| Supporting services | 24,548,547 | — | 24,548,547 |
| Administration | 20,205,043 | — | 20,205,043 |
| Fundraising | 3,989,676 | — | 3,989,676 |
| Total operating expenses | 101,720,864 | — | 101,720,864 |
| Change in net assets from operating activities | (7,502,364) | 3,492,874 | (4,009,490) |
| Nonoperating: | | | |
| Net investment return | 12,206,796 | 12,106,078 | 24,312,874 |
| Endowment return utilized in operations | (13,590,980) | (7,078,590) | (20,669,570) |
| Gifts and legacies | 6,440,745 | 1,382,728 | 7,823,473 |
| Change in value of split-interest agreements | 91,278 | 149,883 | 241,161 |
| Change in net assets from nonoperating activities | 5,147,839 | 6,560,099 | 11,707,938 |
| Total change in net assets | (2,354,525) | 10,052,973 | 7,698,448 |
| Net assets: | | | |
| Beginning of year | 202,923,314 | 173,155,448 | 376,078,762 |
| End of year | $ 200,568,789 | 183,208,421 | 383,777,210 |

See accompanying notes to the consolidated financial statements.

**PERKINS SCHOOL FOR THE BLIND**

Consolidated Statements of Functional Expenses

Years ended June 30, 2024 and June 30, 2023

| | | Program expense | Administration | Fundraising | 2024 Total |
|---|---|---|---|---|---|
| Year ended June 30, 2024: | | | | | |
| Employee compensation and related benefits | $ | 58,474,661 | 11,151,142 | 3,232,664 | 72,858,467 |
| Occupancy | | 5,228,023 | 861,504 | 46,713 | 6,136,240 |
| Other program/operating expenses | | 15,481,136 | 836,149 | 953,191 | 17,270,476 |
| Subcontract expense | | 258,580 | — | — | 258,580 |
| Direct administrative expense | | 1,218,942 | 5,996,790 | 729,493 | 7,945,225 |
| Depreciation | | 3,711,988 | 692,447 | 31,117 | 4,435,552 |
| Total expenses | $ | 84,373,330 | 19,538,032 | 4,993,178 | 108,904,540 |

| | | Program expense | Administration | Fundraising | 2023 Total |
|---|---|---|---|---|---|
| Year ended June 30, 2023: | | | | | |
| Employee compensation and related benefits | $ | 55,038,882 | 9,345,273 | 2,680,523 | 67,064,678 |
| Occupancy | | 4,588,805 | 1,033,574 | 88,547 | 5,710,926 |
| Other program/operating expenses | | 12,557,749 | 608,002 | 201,597 | 13,367,348 |
| Subcontract expense | | 319,267 | — | — | 319,267 |
| Direct administrative expense | | 1,431,542 | 8,513,322 | 989,615 | 10,934,479 |
| Depreciation | | 3,589,900 | 704,872 | 29,394 | 4,324,166 |
| Total expenses | $ | 77,526,145 | 20,205,043 | 3,989,676 | 101,720,864 |

See accompanying notes to the consolidated financial statements.

## PERKINS SCHOOL FOR THE BLIND

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and June 30, 2023

| | 2024 | 2023 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 2,806,372 | 7,698,448 |
| Adjustments to reconcile change in net assets to net cash used in operations: | | |
| Depreciation | 4,435,552 | 4,324,166 |
| Contributed securities | (800,835) | (156,537) |
| Contributions restricted for long-term investment | (631,295) | (1,382,728) |
| Interest and dividends restricted for long-term investment | (113,970) | (125,453) |
| Investment gains | (31,304,657) | (22,031,755) |
| Change in value of assets held by outside trusts | (786,396) | (270,108) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 1,734,129 | (1,686,250) |
| Grants receivable | 78,673 | (832,964) |
| Pledges receivable | 2,613,269 | (3,506,456) |
| Prepaid expenses and other assets | (164,103) | (1,600,288) |
| Inventory | 397,430 | (580,288) |
| Accounts payable and accrued liabilities | 4,090,949 | (3,151,841) |
| Deferred revenue | 793,734 | 177,075 |
| Net cash used in operating activities | (16,851,148) | (23,124,979) |
| Cash flows from investing activities: | | |
| Purchases of fixed assets | (2,072,743) | (589,609) |
| Proceeds from sales of investments | 58,023,234 | 50,536,432 |
| Purchases of investments | (37,928,186) | (40,474,259) |
| Net cash provided by investing activities | 18,022,305 | 9,472,564 |
| Cash flows from financing activities: | | |
| Contributions restricted for long-term investment | 631,295 | 1,382,728 |
| Interest and dividends restricted for long-term investment | 113,970 | 125,453 |
| Proceeds from line of credit | 10,500,000 | 2,550,000 |
| Payments of line of credit | (10,684,127) | — |
| Payments of bond payable | (1,092,145) | (1,052,991) |
| Net cash (used in) provided by financing activities | (531,007) | 3,005,190 |
| Net change in cash | 640,150 | (10,647,225) |
| Cash: | | |
| Beginning of year | 1,117,295 | 11,764,520 |
| End of year | $ 1,757,445 | 1,117,295 |
| Supplemental data | | |
| Interest paid | $ 916,562 | 699,016 |
| Change in accounts payable related to fixed assets | 115,108 | — |

See accompanying notes to the consolidated financial statements.

## (1) Organization

Perkins School for the Blind (the “School”) provides educational programs, services, and products to individuals who are blind, deafblind or multi-impaired, and to their parents and teachers. These services include the manufacture and distribution of educational products which is an integral part of the School’s operations. The School’s consolidated financial statements include a separate subsidiary of The John Milton Society for the Blind, referred to in Note 15. All significant intercompany transactions and balances have been eliminated in consolidation.

## (2) Summary of Significant Accounting Policies

### *(a) Basis of Presentation*

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”). The financial statements present information on the School’s financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Without Donor Restrictions*

Net assets that are not subject to donor-imposed restrictions but may be designated for specific purposes by action of the Board of Trustees, including to function as an endowment.

*With Donor Restrictions*

Net assets that are subject to donor-imposed restrictions that expire with the passage of time, can be fulfilled by actions pursuant to the restrictions, or which may be perpetual.

Changes in net assets are classified as operating and nonoperating. Changes in nonoperating net assets include: investment returns on long-term investments; bequests; changes in value of split interest agreements; net assets released from restrictions for operating purposes and capital expenditures; and certain nonrecurring transactions.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions, in which case they are reported as increases in net assets with donor restrictions. Expirations of donor restrictions are reflected in the statement of activities as net assets released from restrictions. Net realized gains (losses) from the sale or other disposition of investments and the change in unrealized appreciation (depreciation) of investments are reported as revenue in net assets without donor restriction, unless use of these gains (losses) is restricted by donor-imposed stipulations, in which case they are reported as revenue in net assets with donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

### *(b) Cash and Cash Equivalents*

The School maintains its cash in deposit accounts which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to any significant credit risk on cash. Cash equivalents consist of short-term highly liquid investments with maturities of 90 days or less at date of purchase and are included in investments in the consolidated statements of financial position and are not reflected as cash equivalents in the statement of cash flows.

### *(c) Fair Value Measurements*

The School reports required types of investments at fair value. Fair value represents the price that would be received upon the sale or transfer of an investment in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

Level 1 – Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical investments.

Level 2 – Inputs other than quoted prices that are observable for the investments, either directly or indirectly.

Level 3 – Unobservable inputs are used in situations in which little or no market data is available.

NAV – Net asset values (“NAV”) reported by fund managers are used as a practical expedient to estimated fair value unless it is probable that all or a portion of the investment will be sold at a value that differs from the NAV.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Investments measured at NAV as a practical expedient are not categorized within the fair value hierarchy. The School utilizes the valuation technique that maximizes the use of observable inputs and minimizes the use of unobservable inputs to the extent possible. Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an investment. Transfers between fair value categories are recognized at the end of the reporting period.

### *(d) Assets Held by Outside Trusts*

Assets held by outside trusts include split interest agreements and perpetual trusts which are held by external trustees, as specified by the donors, and are reported by the School at fair value. Trust income is distributed at least annually to the School in accordance with the terms of the trusts and is recorded as revenue. Changes in the fair value of the trusts are recorded as increases or decreases to net assets depending on the nature of the restriction. The outside trusts are classified as Level 3 in the fair value hierarchy because they are held by the trustees in perpetuity.

The following table presents activity for the years ended June 30, 2024 and 2023 for assets held by outside trusts:

| | 2024 | 2023 |
|---|---|---|
| Fair value, beginning | $ 9,715,147 | 9,445,039 |
| Change in value, net | 786,396 | 270,108 |
| Fair value, ending | $ 10,501,543 | 9,715,147 |

Income received from outside trusts for the years ended June 30, 2024 and 2023 was $498,174 and $450,284, respectively.

### *(e) Fixed Assets*

Fixed assets are recorded at cost if purchased or constructed, or at fair market or appraised value on the date of donation in the case of gifts.

Depreciation expense is computed on the straight-line basis using the following useful lives:

| | |
|---|---|
| Automobiles | 5 years |
| Furniture and equipment | 3-7 years |
| Machinery and equipment | 10 years |
| Buildings and building improvements | 20-40 years |

Maintenance and repairs are expensed as incurred, and improvements are capitalized. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and gains or losses are included in operations.

### *(f) Asset Retirement Obligations*

Asset retirement obligations (“ARO”) are legal obligations associated with the retirement of long lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Subsequent to the initial recognition, the School records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows and as ARO liabilities are settled. The outstanding balance is $1,423,531 as of June 30, 2024 and 2023.

### *(g) Revenue Recognition*

*(i) Tuition Revenue*

The School receives tuition revenue from state and local agencies, including cities and towns in the Commonwealth of Massachusetts, based on established rates. These cities and towns are partially dependent on the Commonwealth of Massachusetts to provide sufficient local aid to assist them in supporting such educational programs.

Tuition revenue was received from the following sources for the years ended June 30:

| | | 2024 | 2023 |
|---|---|---|---|
| Massachusetts local agencies | $ | 35,123,438 | 31,637,071 |
| Out of state agencies | | 9,155,727 | 7,063,249 |
| Private payers | | 259,053 | 261,143 |
| Tuition revenue | $ | 44,538,218 | 38,961,463 |

The School defines tuition revenue as the funds earned for providing educational and other services to students who attend the School’s on-campus programs. Evidence of these arrangements exists in the form of signed contracts that the School has with each student's city/town and State agency. Services are considered rendered each day the student attends school. The School is allowed to consider services rendered even on days when students are absent, up to twenty school days in a row. After twenty school days, the School can no longer consider services rendered from that point forward until the student returns to school, at which point the School can resume considering services rendered. The School's price to the student is determined in accordance with the daily rates set each year by the Massachusetts Operational Services Division ("MA OSD"). In some instances, the School has certain partial day rates or individualized extended day rates approved by the MA OSD and these rates are specified in the aforementioned contract with the student's city/town and State agency.

(ii) *Program Service Revenue*

Program service revenue is comprised of revenue from various activities including community programs, library services, transitional services, international training programs and accessibility consulting. Revenue is recognized when services have been delivered.

*(iii) Sales of Materials for the Blind*

Revenue from the sales of educational products for individuals who are blind, deafblind or multi-impaired is recognized when delivery has occurred. Delivery occurs when the ownership of the goods has transferred to the customer, per the shipping terms. The School's shipping term is for transfer of ownership to occur when the product has shipped.

*(iv) Government Grants*

Government grants are accounted for as nonexchange transactions. Revenue is recognized as the related expenses are incurred. Expenses consist of direct costs incurred and related indirect costs as reimbursed under the terms and conditions of such agreements.

*(v) Gifts and Private Grants*

Gifts and private grants, including assets held by outside trusts and unconditional pledges, are recognized as revenues in the period received. Conditional promises to give are not recorded until they become unconditional, that is when the conditions on which they depend are substantially met.

Gifts of land, buildings and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Gifts of cash or other assets which a donor has stipulated be used to acquire land, building and equipment are reported as revenues with donor restrictions. The restrictions are considered to be released at the time such long-lived assets are placed in service.

(vi) *Contributions of Nonfinancial Assets*

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The School also receives donated services from unpaid volunteers who assist in fundraising and special projects. Revenues and expenses include the value of donated services which otherwise would have been performed by salaried personnel or purchased from a vendor at market rates.

Contributed nonfinancial assets recognized within revenue include auction items such as gift cards, entertainment events, sporting event tickets, overnight hotel stays, and fashion accessories. These contributed auction items are to be sold at special events held throughout the year. They are valued at the fair value of the item received. The proceeds of the auction items sold are classified as revenue without donor restrictions. It is the School's policy to sell all contributed items at special events held throughout the year.

### *(h) Expenses*

Educational program expenses include expenses for education and services to individuals who are blind, deafblind or multi-impaired and to their parents and teachers. Supporting services expenses include expenses for the manufacture and distribution of educational products and services including library services, outreach services and international programs. Fundraising expenses include costs incurred to secure gifts and grants.

### *(i) Methods Used for Allocation of Expenses*

Certain categories of expenses are attributable to one or more programs or supporting functions of the School. Administrative expenses include the costs incurred for operation and maintenance of facilities (occupancy), depreciation expense, marketing expenses, and other general and administrative costs. Occupancy costs and depreciation are allocated based on square footage while administrative, general, and marketing costs are allocated based on estimates of time and effort.

### *(j) Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in credit losses in accounts receivable, and in the reserves for excess and obsolete inventory. Actual results could differ from those estimates.

### *(k) Tax Status*

The School is a tax-exempt organization as described under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from federal and state income taxes under Section 501(a) of the IRC and applicable state laws. The School believes it has no significant uncertain tax positions.

### *(l) Reclassifications*

Certain reclassifications have been made to the accompanying consolidated financial statements of the prior year to conform to the current year presentation, which have no impact on previously reported excess of revenues over expenses or net assets.


(Continued)

## (3) Financial Assets and Liquidity Resources

As of June 30, 2024 and 2023 financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital expenditures not financed with debt, are as follows:

| | | 2024 | 2023 |
|---|---|---|---|
| Financial assets: | | | |
| Cash and cash equivalents | $ | 1,757,445 | 1,117,295 |
| Accounts receivable, net | | 8,725,862 | 10,459,991 |
| Grants receivable | | 2,163,994 | 2,242,667 |
| Pledges receivable, available for use within one year | | 893,647 | 664,869 |
| Board designations: | | | |
| Budgeted endowment payout | | 21,920,000 | 23,600,000 |
| Total financial assets available within one year | $ | 35,460,948 | 38,084,822 |

Resources available to fund general expenditures have seasonal variations related to the timing of tuition and other student related billing, receipts of gifts and grants, pledge payments, program service revenue and sales of materials. These resources, along with the financial assets available within one year, have historically been sufficient to cover annual general expenditures. The school's board-designated endowment has been set aside for debt repayment, capital expenditures, program support and strategic initiatives. Although the School does not intend to spend from its board-designated endowment funds other than amounts appropriated for spending, amounts could be made available if necessary. As of June 30, 2024, the School has approximately $161 million in board-designated endowment funds of which $113.1 million could be liquidated within one year.

## (4) Pledges Receivable

Pledges receivable consist of the following unconditional promises to give as of June 30:

| | | 2024 | 2023 |
|---|---|---|---|
| Amounts due within: | | | |
| Less than one year | $ | 1,231,147 | 2,713,862 |
| One to five years | | 675,000 | 1,915,654 |
| Less: Present value discount | | (51,570) | (81,671) |
| Less: Allowance for uncollectible pledges | | (39,840) | (119,839) |
| Pledges receivable, net | $ | 1,814,737 | 4,428,006 |

Pledges are recorded after discounting to the present value of future cash flows with discount rates ranging from 4.2% to 5.6% depending upon the anticipated pledge fulfillment date.

## (5) Inventory

Inventory consists of raw materials, work in progress and finished goods related to the production of braillers, appliances and other products. In 2024, the School changed the method for valuing inventory to standard costing. In 2023 the School used the lower of cost (first-in, first-out method) or market inventory valuation methodology.

Inventory is comprised of the following as of June 30:

| | | 2024 | 2023 |
|---|---|---|---|
| Raw materials | $ | 2,264,638 | 3,481,135 |
| Work in progress | | 1,874,851 | 426,529 |
| Finished goods | | 985,315 | 1,615,114 |
| Inventory reserve | | (17,635) | (18,179) |
| Net inventory | $ | 5,107,169 | 5,504,599 |

## (6) Investments

The investment objective of the School is to invest its assets in a prudent manner to achieve a long-term rate of return sufficient to fund a portion of its spending and to increase investment value after inflation. The School diversifies its investments among asset classes by incorporating several strategies and third-party fund managers. Major investment decisions are authorized by the School's Board of Trustees Investment Committee, who oversees the School's investments.

In addition to equity and fixed income investments, the School may also hold shares or units in institutional funds and alternative investment funds involving hedged, private equity, and real estate strategies. Hedged strategies involve funds whose managers have the authority to invest in various asset classes at their discretion and implement long/short investment strategies. Alternative investment funds often hold securities or other financial instruments for which a ready market exists, but may also hold securities and financial instruments that require the estimation of fair values by the fund managers in the absence of readily determinable market values. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. Investments also include assets associated with gift annuities.

Investments are reported at estimated fair value. If an investment is held directly by the School and an active market with quoted prices exists, the market price of an identical security is used as the reported fair value. Reported fair values for shares in registered mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. These investments are classified in Level 1 of the fair value hierarchy. The School's interests in alternative investment funds are generally reported at net asset values (NAV) reported by fund managers. As of June 30, 2024 and 2023, the School had no plans or intentions to sell investments at amounts different from NAV.

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, while the School 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 estimate of fair value at the reporting date.

For purposes of recording realized and unrealized gains and losses, the cost of securities sold is determined on a specific identification basis.

Investments are summarized in the following table by strategy and fair value hierarchy classification as of June 30, 2024:

| | Investments measured at fair value Level 1 | Investments measured at | Total |
|---|---|---|---|
| Investments: | | | |
| Cash equivalents | $ 10,331,194 | — | 10,331,194 |
| Domestic bond | 28,662,690 | — | 28,662,690 |
| International bond | — | — | — |
| Domestic equity | 58,761,879 | — | 58,761,879 |
| International equity | 39,453,408 | — | 39,453,408 |
| Private equity | — | 81,122,658 | 81,122,658 |
| Hedged strategies | — | 123,094,319 | 123,094,319 |
| Total investments | $ 137,209,171 | 204,216,977 | 341,426,148 |

Investments are summarized in the following table by strategy and fair value hierarchy classification as of June 30, 2023:

| | Investments measured at fair value Level 1 | Investments measured at | Total |
|---|---|---|---|
| Investments: | | | |
| Cash equivalents | $ 13,185,990 | — | 13,185,990 |
| Domestic bond | 21,710,159 | — | 21,710,159 |
| International bond | — | 11,305,320 | 11,305,320 |
| Domestic equity | 81,269,098 | — | 81,269,098 |
| International equity | 15,725,520 | — | 15,725,520 |
| Private equity | — | 78,444,025 | 78,444,025 |
| Hedged strategies | — | 107,775,592 | 107,775,592 |
| Total investments | $ 131,890,767 | 197,524,937 | 329,415,704 |



(Continued)

The following table presents liquidity information, based on redemption terms, for investments as of June 30, 2024:

| | | Daily | Weekly | Monthly | Quarterly | Annually | Illiquid | Total Investments |
|---|---|---|---|---|---|---|---|---|
| Cash equivalents | $ | 10,331,194 | — | — | — | — | — | 10,331,194 |
| Domestic bond | | 28,662,690 | — | — | — | — | — | 28,662,690 |
| Domestic equity | | 58,761,879 | — | — | — | — | — | 58,761,879 |
| International equity | | 33,146,948 | 6,306,460 | — | — | — | — | 39,453,408 |
| Private equity | | — | 10,414,700 | 16,850,339 | — | — | 53,857,619 | 81,122,658 |
| Hedged strategies | | — | — | — | 95,145,285 | 19,363,647 | 8,585,387 | 123,094,319 |
| | $ | 130,902,711 | 16,721,160 | 16,850,339 | 95,145,285 | 19,363,647 | 62,443,006 | 341,426,148 |

The following table represents liquidity information, based on redemption terms, for investments as of June 30, 2023:

| | | Daily | Weekly | Monthly | Quarterly | Annually | Illiquid | Total Investments |
|---|---|---|---|---|---|---|---|---|
| Cash equivalents | $ | 13,185,990 | — | — | — | — | — | 13,185,990 |
| Domestic bond | | 21,710,160 | — | — | — | — | — | 21,710,160 |
| international bond | | — | — | 11,305,320 | — | — | — | 11,305,320 |
| Domestic equity | | 81,269,098 | — | — | — | — | — | 81,269,098 |
| International equity | | 9,374,177 | 6,351,343 | — | — | — | — | 15,725,520 |
| Private equity | | — | 8,959,486 | 15,647,978 | — | — | 53,836,561 | 78,444,025 |
| Hedged strategies | | — | — | — | 82,078,150 | 18,023,203 | 7,674,238 | 107,775,592 |
| | $ | 125,539,425 | 15,310,829 | 26,953,298 | 82,078,150 | 18,023,203 | 61,510,799 | 329,415,704 |

### Commitments

In connection with the investments in certain limited partnership agreements, the School has an additional $24.8 million and $18.3 million committed for capital calls as of June 30, 2024 and 2023, respectively, which are scheduled to be funded over a number of years.

The School may have exposure to derivative financial instruments through its mutual fund investments and alternative investments. Derivatives, such as forward foreign currency and futures contracts, are used by the funds, at the discretion of the fund managers.

## (7) Endowment

The School's endowment is pooled for investment purposes and consists of approximately 60 individual funds established for a variety of purposes. The endowment consists of funds with donor restrictions as well as funds without donor restriction but designated by the Board of Trustees to function as endowment funds (quasi-endowment). The net assets associated with each endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the School has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift value of donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the School classifies as net assets with donor restrictions, (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument. Also included in net assets with donor restrictions is accumulated appreciation on donor restricted funds, until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- The purposes of the School and the donor restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the School.
- The investment policies of the School.

The School's endowment is comprised of the following as of June 30, 2024:

| | | With donor restrictions | | | |
|---|---|---|---|---|---|
| | **Without donor restrictions** | **Original gift** | **Accumulated gains** | **Total** | **2024 Total** |
| Board-designated endowment funds | $ 160,981,249 | — | | — | 160,981,249 |
| Donor restricted endowment funds: | | | | | |
| Other | — | 72,952,248 | 101,697,085 | 174,649,333 | 174,649,333 |
| Total | $ 160,981,249 | 72,952,248 | 101,697,085 | 174,649,333 | 335,630,582 |

The School's endowment is comprised of the following as of June 30, 2023:

| | | With donor restrictions | | | |
|---|---|---|---|---|---|
| | **Without donor restrictions** | **Original gift** | **Accumulated gains (losses)** | **Total** | **2023 Total** |
| Board-designated endowment funds | $ 164,155,154 | — | | — | 164,155,154 |
| Donor restricted endowment funds: | | | | | |
| Underwater | — | 210,843 | (1,687) | 209,156 | 209,156 |
| Other | — | 72,110,110 | 92,095,362 | 164,205,472 | 164,205,472 |
| Total | $ 164,155,154 | 72,320,953 | 92,093,675 | 164,414,628 | 328,569,782 |

Changes in the School's endowment are as follows for the year ended June 30, 2024:

| | | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|---|
| Endowment at June 30, 2023 | $ | 164,155,154 | 164,414,628 | 328,569,782 |
| Net investment return | | 17,650,925 | 17,908,128 | 35,559,053 |
| Contributions | | 1,551,099 | 631,295 | 2,182,394 |
| Utilized in operations | | (22,375,929) | (8,304,718) | (30,680,647) |
| Endowment at June 30, 2024 | $ | 160,981,249 | 174,649,333 | 335,630,582 |

Changes in the School's endowment are as follows for the year ended June 30, 2023:

| | | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|---|
| Endowment at June 30, 2022 | $ | 159,253,644 | 157,927,747 | 317,181,391 |
| Net investment return | | 12,158,444 | 12,106,078 | 24,264,522 |
| Contributions | | 6,410,481 | 1,382,728 | 7,793,209 |
| Transfers (prior year adjusts) | | (76,435) | 76,665 | 230 |
| Utilized in operations | | (13,590,980) | (7,078,590) | (20,669,570) |
| Endowment at June 30, 2023 | $ | 164,155,154 | 164,414,628 | 328,569,782 |

***(a) Endowment Funds with Deficits***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts. When these donor endowment deficits exist, they are classified as a reduction of net assets with donor restrictions. As of June 30, 2024 no funds have a deficit balance. As of June 30, 2023 one fund with a corpus of $210,843 has a deficit balance of $1,687.

***(b) Return Objectives and Risk Parameters***

The School's endowment investment and spending activities attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks. The School expects its endowment funds over time, to provide an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount.

### *(c) Strategies Employed for Achieving Investment Objectives*

To achieve its long-term rate of return objectives, the School relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The School targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

### *(d) Endowment Spending*

The School invests its endowment funds and allocates the related return for expenditure. Utilization of the endowment is determined by guidelines established by the School's Board of Trustees. The established guideline for annual spending is up to 5% of the average fair market value of the endowment for operating and capital expenses and an additional 1% for debt service. The average fair market value utilized in the computation is equal to the trailing 12 quarter moving average as of the preceding September 30. At their discretion, the Board of Trustees may approve a higher annual spending rate and for 2024 the Board of Trustees approved an additional $7.32M in endowment spending. The total endowment spending rate was approximately 9% and 8% for the years ended June 30, 2024 and 2023, respectively.

## (8) Fixed Assets

Fixed assets are comprised of the following as of June 30, 2024 and 2023:

| | | 2024 | 2023 |
|---|---|---|---|
| Buildings and building improvements | $ | 158,256,042 | 157,068,819 |
| Furniture and equipment | | 28,953,442 | 28,619,268 |
| Construction in progress | | 253,796 | — |
| Machinery | | 4,736,837 | 4,678,233 |
| Automobiles | | 2,295,828 | 2,056,882 |
| | | 194,495,945 | 192,423,202 |
| Less: Accumulated depreciation | | (144,482,237) | (140,046,685) |
| | $ | 50,013,708 | 52,376,517 |

Depreciation expense for the years ended June 30, 2024 and 2023 is $4,435,552 and $4,324,166, respectively.

## (9) Line of Credit

The School has available a revolving line of credit not to exceed $10,000,000 with TD Bank, N.A. ("TD Bank") under a Loan Agreement dated July 1, 2013 and amended December 11, 2023. The Loan Agreement is subject to annual extensions. On March 31, 2023 an amendment to the Loan Agreement extended the maturity date to March 31, 2025. The line of credit bears interest at the Prime Rate minus 1.40%. The outstanding balance is $2,365,873 as of June 30, 2024. The outstanding balance is $2,550,000 as of June 30, 2023. For the year ended June 30, 2024, the School's borrowings from the line of credit total $10,500,000 and repayments total $10,684,127. For the year ended June 30, 2023 the School's borrowings total $2,550,000 and there are no repayments. Annual fees to maintain the line of credit are

$7,738 and $10,060 for the years ended June 30, 2024 and 2023, respectively. Interest expense is $236,066 and $2,711 for the years ended June 30, 2024 and 2023, respectively.

### (10) Bonds Payable

The Massachusetts Development Finance Agency issued $30,000,000 in private placement Revenue Bonds, Perkins School for the Blind Issue, Series 2010 in February, 2010. The Bond owner is TD Bank. The proceeds of the Bond were for a lower school project and a central cooling plant. The agreement had a 15-year term, 25-year amortization, maturing in 2035, with a fixed interest rate of 4.5%. On September 10, 2012, the Bond was amended with a fixed rate of 2.774% until February 2025, at which time the bond is subject to a mandatory tender. All other terms of the original issuance remain unchanged. The School has covenants of banking relationships, liquidity ratios and annual reporting requirements. The outstanding balance of the bond is $21,779,837 and $22,601,263 as of June 30, 2024 and 2023, respectively.

The Massachusetts Development Finance Agency issued $4,100,000 in private placement Revenue Bonds, Perkins School for the Blind Issue, Series 2016 in September 2016. The bondholder is TD Bank. The agreement has a 10-year term, 15-year amortization, with a fixed interest rate of 1.98%. The proceeds of the bond have been used for renovations to the Hilton and Howe buildings and for other capital needs. Bond issuance costs incurred amount to $78,238 and are amortized monthly over the 10-year term. The total bond issuance costs amortization expense is $7,823.88 for the year ended June 30, 2024 and 2023. The outstanding balance of the bond is $2,134,746 and $2,405,465 as of June 30, 2024 and 2023, respectively.

Principal payments are due as follows as of June 30, 2024:

| | | |
|---|---|---|
| Year ended June 30 | | |
| 2025 | $ | 1,138,818 |
| 2026 | | 1,184,601 |
| 2027 | | 1,232,369 |
| Thereafter | | 20,358,795 |
| Total principal payments | $ | 23,914,583 |

Interest expense is $670,047 and $696,757 for the years ended June 30, 2024 and 2023, respectively.

## (11) Net Assets

### *(a) Net Assets Without Donor Restrictions*

Net assets without donor restrictions are comprised of the following as of June 30:

| | | 2024 | 2023 |
|---|---|---|---|
| Quasi (Board-designated) endowment | $ | 160,981,249 | 164,155,154 |
| Annuities | | 782,603 | 681,607 |
| Other net assets without donor restrictions, net | | 31,125,282 | 35,732,028 |
| Total | $ | 192,889,134 | 200,568,789 |

The School's board-designated endowment has been set aside for debt repayment, capital expenditures, program support and strategic initiatives.

### *(b) Net Assets With Donor Restrictions*

Net assets with donor restrictions are comprised of the following as of June 30:

| | | 2024 | 2023 |
|---|---|---|---|
| Donor restricted endowment funds | $ | 72,952,248 | 72,320,953 |
| Accumulated unspent endowment return | | 101,697,085 | 92,093,675 |
| Other net assets with donor restrictions, net | | 8,543,572 | 9,078,646 |
| Assets held by outside trusts | | 10,501,543 | 9,715,147 |
| Total | $ | 193,694,448 | 183,208,421 |

## (12) Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities are comprised of the following as of June 30:

| | | 2024 | 2023 |
|---|---|---|---|
| Auction and service items | $ | 49,725 | — |
| Office furnishings | | 46,880 | — |
| Contributed services | | 947,778 | 901,589 |
| Total contributed nonfinancial assets | $ | 1,044,383 | 901,589 |

## (13) Retirement Plan

The Retirement Plan (the "Plan") is a defined contribution plan that qualifies under code Sections 401(a), 501(a), and 404(c) of the Internal Revenue Code. The Plan provides for discretionary basic and supplemental contributions by the School. Contributions are made based on employee compensation, as defined by the Plan, at contribution rates determined annually by the Board of Trustees.

Employees become eligible for basic contributions when they have one year of continuous service and have worked 500 or more hours. The basic contribution rate is 3.5% for the 2024 and 2023 Plan years. Total retirement plan expense for the basic portion of the Plan is $1,778,079 and $1,556,040 for the years ended June 30, 2024 and 2023, respectively.

Employees are also eligible for supplemental contributions if as of the beginning of the plan year they were eligible for basic contributions. The supplemental contribution rate ranges from 3.5% to 7.58% for the 2024 and 2023 Plan years. The annual rate is multiplied by defined factors based on an employee's years of service. Total retirement plan expense for the supplemental portion of the Plan is $2,037,292 and $1,453,899 for the years ended June 30, 2024 and 2023, respectively.

### (14) Commitments and Contingencies

The School is engaged in legal cases that have arisen in the normal course of its operations. The School believes that the outcomes of these cases will not have a material adverse effect on the financial position of the School.

### (15) John Milton Society

John Milton Society is a Section 501(c)(3) organization. Its mission is to support one of the Perkins International Programs. John Milton Society's financial information is as follows as of June 30:

| | 2024 | 2023 |
|---|---|---|
| Investments | $ 839,317 | 868,915 |
| Total net assets | $ 839,317 | 868,915 |

| | 2024 | 2023 |
|---|---|---|
| Gifts and grants | $ 355 | 278 |
| Net investment return | 87,663 | 60,056 |
| Expenses | (117,616) | (27,422) |
| Revenues less expenses | $ (29,598) | 32,912 |

## (16) Related Parties

Members of the School's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the School. The School has a written conflict of interest policy that requires, among other things, that no member of the Board of Trustees may participate in any decision in which he or she has a material financial interest. Each Trustee is required to certify compliance with the conflict of interest policy on an annual basis as well as disclose any potential related party transactions to the audit committee.

When such a relationship exists, the School requires that such transactions be conducted at arms' length with terms that are fair and reasonable to and for the benefit of the School. For senior management, the School requires annual disclosure of significant financial interests in, or governance of employment or consulting relationships with, entities doing business with the School. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interest of the School.

## (17) Subsequent Events

Management has evaluated events subsequent to June 30, 2024 and through January 15, 2025, the date on which these audited consolidated financial statements were available to be issued.