

# Lighthouse of Broward County, Inc.

Financial Statements  
For the Year Ended June 30, 2020

**Keefe  
McCullough**  
CPA's + Trusted Advisors

# Lighthouse of Broward County, Inc.

Financial Statements  
For the Year Ended June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lighthouse of Broward County, Inc.

We have audited the accompanying financial statements of Lighthouse of Broward County, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lighthouse of Broward County, Inc.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 4, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 4, 2020

**Lighthouse of Broward County, Inc.**  
**Statement of Financial Position**  
**June 30, 2020**  
**(with comparative totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 1,584,618	\$ 1,049,829
Contracts and grants receivable	120,210	112,160
Prepays and other assets	<u>20,042</u>	<u>28,367</u>
Total current assets	<u>1,724,870</u>	<u>1,190,356</u>
Long-term assets:		
Property and equipment, net	627,444	566,201
Investments	<u>5,200,914</u>	<u>4,595,595</u>
Total long-term assets	<u>5,828,358</u>	<u>5,161,796</u>
Total assets	<u>\$ 7,553,228</u>	<u>\$ 6,352,152</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 13,232	\$ 30,115
Accrued liabilities	80,514	111,723
Refundable advances and deferred revenue	<u>590,376</u>	<u>40,969</u>
Total liabilities	<u>684,122</u>	<u>182,807</u>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	1,362,426	891,991
Board designated	<u>4,900,914</u>	<u>4,295,595</u>
Total without donor restrictions	<u>6,263,340</u>	<u>5,187,586</u>
With donor restrictions:		
Purpose and time restrictions	305,766	681,759
Perpetual in nature	<u>300,000</u>	<u>300,000</u>
Total with donor restrictions	<u>605,766</u>	<u>981,759</u>
Total net assets	<u>6,869,106</u>	<u>6,169,345</u>
Total liabilities and net assets	<u>\$ 7,553,228</u>	<u>\$ 6,352,152</u>

The accompanying notes to the financial statements are an integral part of these statements.

**Lighthouse of Broward County, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**  
**(with comparative totals for 2019)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b>Public Support and Revenues:</b>				
Contract revenue	\$ 1,291,605	\$ -	\$ 1,291,605	\$ 1,257,750
Grants and contributions	756,391	67,804	824,195	1,554,769
Investment income, net	680,887	-	680,887	252,173
Special events	201,112	-	201,112	239,968
Program income	64,252	-	64,252	34,805
	<u>2,994,247</u>	<u>67,804</u>	<u>3,062,051</u>	<u>3,339,465</u>
Total public support and revenues				
Net assets released from restrictions	<u>443,797</u>	<u>(443,797)</u>	<u>-</u>	<u>-</u>
Total public support, revenues and net assets released from restrictions	<u>3,438,044</u>	<u>(375,993)</u>	<u>3,062,051</u>	<u>3,339,465</u>
<b>Expenses:</b>				
Program services	2,081,730	-	2,081,730	1,864,055
Supporting services:				
Management and general	89,079	-	89,079	101,043
Fundraising	191,481	-	191,481	199,227
	<u>2,362,290</u>	<u>-</u>	<u>2,362,290</u>	<u>2,164,325</u>
Total expenses				
Change in net assets	<u>1,075,754</u>	<u>(375,993)</u>	<u>699,761</u>	<u>1,175,140</u>
Net Assets, Beginning of year	<u>5,187,586</u>	<u>981,759</u>	<u>6,169,345</u>	<u>4,994,205</u>
Net Assets, End of year	<u>\$ 6,263,340</u>	<u>\$ 605,766</u>	<u>\$ 6,869,106</u>	<u>\$ 6,169,345</u>

The accompanying notes to the financial statements are an integral part of these statements.

**Lighthouse of Broward County, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2020**  
**(with comparative totals for 2019)**

	Program Services						Supporting Services				Total 2020	Total 2019
	Adult Programs			Youth Programs			Total Program Services	Management and General	Fundraising	Total Supporting Services		
	Vital Living	Working Solutions	WorkForce Solutions	Teen Life	KIDS Program	Bright Beginnings						
Compensation, taxes and fringe benefits	\$ 444,052	\$ 412,554	\$ 277,198	\$ 171,153	\$ 158,020	\$ 172,324	\$ 1,635,301	\$ 70,275	\$ 91,883	\$ 162,158	\$ 1,797,459	\$ 1,617,340
Development	7,668	7,084	5,467	4,066	3,266	3,388	30,939	1,399	73,219	74,618	105,557	94,782
Equipment rental and maintenance	9,704	16,928	15,788	5,456	5,704	4,967	58,547	2,153	1,773	3,926	62,473	92,516
Building occupancy costs	10,109	10,109	61,103	5,055	5,899	4,549	96,824	2,527	5,561	8,088	104,912	91,131
Client services	4,403	588	-	16,389	30,443	2,755	54,578	-	-	-	54,578	56,073
Insurance	9,059	9,059	8,927	4,780	4,352	4,352	40,529	4,066	4,708	8,774	49,303	43,325
Provision for depreciation	10,412	10,412	8,396	5,372	4,869	4,869	44,330	2,518	3,543	6,061	50,391	35,860
Professional fees	8,925	8,925	8,805	4,462	4,016	4,016	39,149	2,230	4,909	7,139	46,288	32,323
Travel and conferences	3,271	2,204	2,370	788	737	2,702	12,072	400	638	1,038	13,110	24,668
Organizational development, accreditation and dues	3,921	2,534	14,654	2,207	2,500	1,078	26,894	600	1,721	2,321	29,215	34,827
Office expenses	4,267	4,375	7,331	2,229	1,841	2,038	22,081	1,137	1,578	2,715	24,796	17,194
Miscellaneous	2,020	2,028	1,949	1,775	1,745	1,745	11,262	1,774	1,948	3,722	14,984	14,287
Rehabilitation aids	7,771	1,453	-	-	-	-	9,224	-	-	-	9,224	9,999
<b>Totals</b>	<b>\$ 525,582</b>	<b>\$ 488,253</b>	<b>\$ 411,988</b>	<b>\$ 223,732</b>	<b>\$ 223,392</b>	<b>\$ 208,783</b>	<b>\$ 2,081,730</b>	<b>\$ 89,079</b>	<b>\$ 191,481</b>	<b>\$ 280,560</b>	<b>\$ 2,362,290</b>	<b>\$ 2,164,325</b>

The accompanying notes to the financial statements are an integral part of these statements.

**Lighthouse of Broward County, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**  
**(with comparative totals for 2019)**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 699,761	\$ 1,175,140
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	50,391	35,860
Net realized/unrealized (gain) loss on investments	(548,293)	(117,576)
(Increase) decrease in assets:		
Contracts and grants receivable	(8,050)	(9,632)
Prepays and other assets	8,325	7,692
Increase (decrease) in liabilities:		
Accounts payable	(16,883)	7,751
Accrued expenses	(31,209)	(3,800)
Refundable advances and deferred revenue	549,407	6,851
	<u>703,449</u>	<u>1,102,286</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales and maturities of investments	8,322,904	3,373,956
Purchases of property and equipment	(111,634)	(153,728)
Purchases of investments	(8,379,930)	(3,590,442)
	<u>(168,660)</u>	<u>(370,214)</u>
Net cash provided by (used in) investing activities		
	<u>(168,660)</u>	<u>(370,214)</u>
Net increase (decrease) in cash and cash equivalents	534,789	732,072
<b>Cash and Cash Equivalents, Beginning of year</b>	<u>1,049,829</u>	<u>317,757</u>
<b>Cash and Cash Equivalents, End of year</b>	<u>\$ 1,584,618</u>	<u>\$ 1,049,829</u>
<b>Supplemental Disclosure of Cash Flows Information:</b>		
Cash received from interest and dividends	<u>\$ 157,803</u>	<u>\$ 157,430</u>

The accompanying notes to the financial statements are an integral part of these statements.



## Note 1 - Organization and Operations

**Nature of activities:** Lighthouse of Broward County, Inc. (the “Organization”) is a Florida nonprofit organization serving as the preeminent resource for the visually impaired community of Broward County. The Organization’s mission is to provide specialized rehabilitation, life skills training, and employment opportunities that enhance the independence, productivity, and dignity of children and adults who are blind or visually impaired.

Programs to all age groups are designed as follows:

**Adult Programs:** Services are provided at the Organization’s facility, as well as in the community, for blind or visually impaired individuals over the age of 21 through the *Vital Living* and *Working Solutions* programs. These programs teach skills leading to more independence at home, school, work, or in the community. Services are tailored to meet an individual’s needs and can include any combination of the following: instruction for safe indoor/outdoor travel, use of technology including computers and smart phones with accessible software, self-advocacy and resources, activities of daily living (including safe cooking skills, personal grooming, money identification, medication and home management techniques), diabetes management, braille, adjustment to blindness and peer support counseling, and job readiness training. The Organization provided direct services to approximately 500 adults during the year ended June 30, 2020. Additionally, continuing education services were provided to an approximate 1,700 former clients through the Organization’s Lifetime Learners program.

In addition, the Organization has expanded its offerings with the launch of its *WorkForce Solutions* program. The mission of WorkForce Solutions is to enhance the personal and economic independence of clients by directly providing employment opportunities through the manufacturing and delivery of services. The Organization has long offered exceptional job readiness support, yet this new program will alleviate barriers to job placement success. The WorkForce Solutions program will create opportunities for people who are blind and visually impaired to become wage earners and taxpayers, reducing their reliance on government support, and increasing engagement with the community.

**Youth Programs:** *Bright Beginnings* (ages birth - 5) teaches infants and toddlers to learn through structured play therapy and teaches parents how to apply “learning through play” routines as daily activities to help achieve developmental milestones. The Organization served approximately 40 Bright Beginning children and their parents during the year ended June 30, 2020. *KIDS Keys to Independence* (ages 6 – 13) provides group instruction over the course of the school year, as well as, an 8-week virtual summer camp. Youth learn safe travel, personal care, braille, computers and social skills. The Organization provided over 5,000 hours of instruction to approximately 55 KIDS during the year ended June 30, 2020.

*TeenLIFE* (Learning Independence From Experience) (ages 14 – 21) provides both group and individual instruction year round. Teens learn to develop vocational goals, work habits, interviewing skills and college expectations. They also work summer jobs, improve computer skills, acquire braille literacy, build social skills, prepare meals and budgets and use public transportation; further strengthening skill sets introduced in younger programming. The Organization provided over 4,200 hours of instruction to approximately 45 teens during the year ended June 30, 2020.

## Note 2 - Summary of Significant Accounting Policies

**Basis of accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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

- *Net Assets Without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as discussed in Notes 8 and 10.
- *Net Assets With Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other-donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service.

Any contribution not specifically restricted by the donor or subject to other legal restrictions is considered available for general use.

**Revenue and revenue recognition:** The Organization recognizes grants and contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met or explicitly waived.

Contract revenue is generally billed monthly and is derived from units of service contracts. Amounts received are recognized as revenue when the unit of service has been provided in compliance with the specific contract. Also, any revenue derived from cost-reimbursement contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, is recognized when such expenditures are incurred in compliance with specific contract provisions.

Amounts received prior to meeting certain conditions, including measurable performance or other barrier, providing the unit of service, and/or incurring qualifying expenditures in compliance with the specific grant or contract are reported as a liability, refundable advances, in the statement of financial position.

**Note 2 - Summary of Significant Accounting Policies (continued)**

Revenues from special events that are considered exchange transactions are not recognized until the special event takes place. Other programs income from products and services are recognized as income when the performance obligation of transferring the products and providing the services are met. Amounts received in advance are deferred to the applicable period.

**Cash and cash equivalents:** The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Organization also maintains money markets funds and equivalents with its investment custodian and reports these balances as a component of its investment holdings as they are intended to be used for long-term purposes.

**Investments:** Investments primarily include mutual funds (equities and fixed income) and money market funds. Investments are stated at their estimated fair value, based on publicly quoted prices and other means. Money market funds are valued at amortized cost, which approximates fair value, with a net asset value of \$ 1 per share. Pooled investments represent the ownership of a fund maintained by a community foundation (Note 10). The fund invests primarily in equity, fixed income securities and alternative investments, which are recorded at estimated market value based upon quoted prices in markets for identical assets and/or valuations provided by the external investment managers. Investment gains (losses) (including realized and unrealized gains and losses on investments, interest and dividends) are included in the statement of activities under the caption "Investment income, net."

**Promises to give:** Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. The Organization had no unconditional promises to give as of June 30, 2020. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Consequently, at June 30, 2020, grant and contribution revenue of approximately \$ 349,000 has not been recognized in the accompanying statement of activities. These conditional promises to give pertain to the following: \$ 300,000 for the WorkForce Solutions Program, \$ 40,000 related to certain adjacent development, and \$ 9,000 to support clients due to COVID-19 pandemic.

**Receivables and allowance for doubtful accounts:** Receivables consist principally of claims not yet reimbursed by the grant/contract agency. Management has determined the receivable balance to be fully collectible at year-end and a provision for uncollectible accounts is not necessary.

**Property and equipment:** The Organization capitalizes property and equipment in excess of \$ 1,000. Property and equipment are stated at cost if purchased or, if donated, at estimated fair value at the date of the donation, less accumulated depreciation. The Organization's policy is to provide for depreciation using the straight-line method over the estimated useful life of each type of asset which is as follows:

Building and improvements	7-39 years
Vehicles	5 years
Furniture and equipment	3-10 years
Sensory garden and parking lot	10-25 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Refundable advances and deferred revenue:** Revenues received in advance that are not recognized because the allowable costs as defined by the individual grant or contract have not been incurred, the unit of service has not been provided, and/or the conditions of release have not been substantially met or explicitly waived are considered refundable advances. In addition, revenues received in advance from special events and other program income that are considered exchange transactions are deferred to the applicable period.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Functional expenses:** The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by functions. Expenses that can be directly identified with a program or supporting service are charged accordingly. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses include compensation, taxes and fringe benefits, professional fees, building occupancy costs, provision for depreciation and others, are allocated on the basis of estimates of time and effort, square footage, and other methods as determined by management.

**Contributed goods and services:** Contributed services are reported as contributions at their estimated fair value if such services create or enhance non-financial assets, would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills. Contributed goods are recorded at their estimated fair market value when received.

**Income taxes:** The Organization qualifies as a non-profit corporation exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), with the exception of any unrelated business income. Management has evaluated the unrelated business income tax implications and believes that the effects, if any, are immaterial to the Organization's financial statements. Accordingly, no provision for income taxes has been made to these financial statements.

**Concentration of credit risk:** Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and receivables. The concentration of credit risk with respect to receivables is primarily due to the economic dependency in federal, state, and other agencies (as applicable) and the ability to obtain authorization, process and collect balances timely. The Organization has cash in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"), subject to applicable limits. At various times throughout the year, the Organization may have cash balances at financial institutions that exceed the insured amount. Investments are held in brokerage accounts protected by the Securities Investor Protection Corporation ("SIPC") in the event of broker-dealer failure, subject to applicable limits. The SIPC insurance does not protect against market losses on investments. The Organization has an investment policy and utilizes management oversight, and periodically reviews its investments portfolios to monitor these risks. Deposit and investment accounts are maintained with what management believes to be quality financial institutions.

**Use of estimates:** The Organization makes estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative financial information:** The financial statements include summarized comparative information in total from the prior year, which is not presented by net asset type and functional expense classification and does not include sufficient detail to conform with accounting principles generally accepted in the United States of America (GAAP). This information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2019, from which the comparative information was derived.

**Date of management review:** Subsequent events were evaluated by management through September 4, 2020, which is the date the financial statements were available to be issued.

**Note 3 - Liquidity and Availability of Financial Assets**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial Assets:		
Cash and cash equivalents	\$	1,584,618
Contracts and grants receivable		120,210
Investments		<u>5,200,914</u>
Financial Assets, at year-end		<u>6,905,742</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Purpose and time restrictions by donor		(305,766)
Perpetual restrictions by donor		(300,000)
Board designations (1):		
Operating activities		<u>(4,900,914)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>1,399,062</u></u>

(1) The spending policies of board designated endowments is discussed in Note 10.

**Note 4 - Contracts and Grants Receivable**

As of June 30, 2020 contracts and grants receivable consist of the following:

Florida Department of Education, Division of Blind Services	\$	98,097
Florida Association of Agencies Serving the Blind		10,688
Others		<u>11,425</u>
	\$	<u><u>120,210</u></u>

**Note 5 - Property and Equipment**

Property and equipment consisted of the following at June 30, 2020:

Building and improvements	\$	927,830
Sensory garden and parking lot		128,136
Furniture and equipment		104,157
Vehicles		<u>86,308</u>
		1,246,431
Less accumulated depreciation		<u>797,876</u>
		448,555
Land		<u>178,889</u>
	\$	<u><u>627,444</u></u>

#### Note 6 - Investments

Investments are presented in the financial statements at their estimated fair market values and consist of the following at June 30, 2020:

Mutual funds (equities and fixed income)	\$	5,091,893
Money market funds		81,674
Pooled investments		<u>27,347</u>
Total	\$	<u><u>5,200,914</u></u>

Investment income, net, relative to these investments held and sold during the year, and other equivalents, is comprised of:

Net realized and unrealized gain	\$	548,293
Interest and dividends		157,803
Fees and other		<u>(25,209)</u>
Total	\$	<u><u>680,887</u></u>

#### Note 7 - Fair Value Measurements

In accordance with the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 820, *Fair Value Measurement and Disclosures*, the Organization provides certain disclosures based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments, either directly or indirectly. (e.g. quoted prices in active markets for similar securities, valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)
- Level 3 inputs are unobservable inputs for the investments. (e.g. information about assumptions, including risk, market participants would use in pricing a security.)

The level in the fair value hierarchy within which a fair measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities is not necessarily an indicator of risk associated with investing in those securities.

**Note 7 - Fair Value Measurements (continued)**

The following table represents the fair value of the investments as held by the Organization at June 30, 2020:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds	\$ 5,091,893	\$ -	\$ 5,091,893
Money market funds	-	81,674	81,674
Pooled investments	-	27,347	27,347
Total	\$ <u>5,091,893</u>	\$ <u>109,021</u>	\$ <u>5,200,914</u>

**Note 8 - Net Assets Without Donor Restrictions - Board Designated (Note 10)**

The Board has designated net assets without donor restrictions to be set-aside for the benefit and long-term sustainability of the Organization. As of June 30, 2020, board designations totaled \$ 4,900,914.

**Note 9 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or period as of June 30, 2020:

Subject to expenditure for specified purpose:		
WorkForce Solutions program	\$	129,454
Children's programs		114,158
COVID-19 relief		40,038
Alumni and teachers		10,866
Other programs		10,000
Adult programs		1,250
		<u>305,766</u>
Endowments (Note 10):		
Required to be held in perpetuity by donor for specified purpose:		
Capital improvements		200,000
KIDS Program		100,000
		<u>300,000</u>
Total	\$	<u>605,766</u>

**Note 9 - Net Assets with Donor Restrictions (continued)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

Satisfaction of purpose and time restrictions:	
WorkForce Solutions program	\$ 325,998
Children's programs	92,127
Adult programs	25,194
Alumni and teachers	<u>478</u>
Total	\$ <u><u>443,797</u></u>

**Note 10 - Endowment Funds**

The Board of Directors of the Organization previously adopted a fiscal policy which established an endowment fund to serve as a focal point for fund raising efforts and a building fund to provide funding for capital improvements or any building related cost. During the fiscal year, the Board of Directors agreed to consolidate the funds (the "Endowment Fund"), but retain the same core purpose; to provide income for the benefit and long-term sustainability of the Organization. Unless otherwise designated by the donor, a two-thirds vote of the Board of Directors, or to provide for a reserve fund, it is the intent that all bequests be deposited into the Endowment Fund. The balance of the Endowment Fund shall not be permitted to drop below \$ 500,000.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Since the Endowment Fund, with the exception of \$ 300,000, resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. Net assets that are perpetual in nature as of June 30, 2020 consist of a \$ 100,000 endowment fund established to support KIDS Program and a \$ 200,000 endowment fund to support the Organization's infrastructure needs. The original principal of the gifts are to be held and invested by the Organization indefinitely and net investment earnings from the funds is to support the programs benefitted.

**Interpretation of relevant law:** Previously, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The investment policies adopted by the Organization are designed to comply with FUPMIFA. The executive committee of the Organization has the responsibility of monitoring investment activities and the performance of any investment advisors selected by the Organization. In carrying out their duties, the executive committee intent is to act in accordance with FUPMIFA.

**Spending policy:** The Endowment Fund spending policy allows for distribution of up to 5% of the previous twelve quarters moving average market value of its portfolio. Any amount over the 5% requires board approval; or the executive committee in the event of a fiscal emergency and under certain circumstances.

**Objectives:** The Organization has adopted investment policies that attempt to maximize long-term growth of capital and stability of returns. It is expected that the asset value of the funds, exclusive of contributions or withdrawals, should grow in the long run and earn through a combination of investment income and capital appreciation a rate of return in excess of a balanced market index while incurring less risk than such index. Endowment Fund assets are invested in a diversified asset mix, which includes money markets funds and mutual funds (equities and fixed income).



**Note 10 - Endowment Funds (continued)**

**Community Foundation of Broward, Inc.:** The Organization previously established an endowment fund with the Community Foundation of Broward, Inc. for the benefit of the Organization. This fund is governed by an agreement with the Community Foundation of Broward, Inc. which provides parameters for the managing, investing, and distribution of the endowment fund. Distributions from this fund can be received by the Organization upon written request and authorization from three-quarters vote of its Board of Directors.

Changes in endowment net assets as of June 30, 2020:

	Without Donor Restrictions (Note 8)	With Donor Restrictions (Note 9)	Total
Endowment net assets, beginning of year	\$ 4,295,595	\$ 300,000	\$ 4,595,595
Contributions	-	-	-
Interest and dividends	157,524	-	157,524
Fees and other	(25,209)	-	(25,209)
Net realized and unrealized gain	548,293	-	548,293
Appropriation of endowment assets for expenditures (distributions), net	<u>(75,289)</u>	<u>-</u>	<u>(75,289)</u>
Endowment net assets, end of year	<u>\$ 4,900,914</u>	<u>\$ 300,000</u>	<u>\$ 5,200,914</u>

Endowment net assets are comprised of the following:

Endowment Fund, including \$ 300,000 held in perpetuity	\$ 5,173,567
Community Foundation of Broward, Inc.	<u>27,347</u>
	<u>\$ 5,200,914</u>

**Note 11 - Line of Credit**

The Organization has an \$ 110,000 revolving line of credit with a bank for working capital needs. Interest is payable monthly at the published prime rate, plus 1.00% (4.25 % as of June 30, 2020). Any outstanding balance is payable on demand. This line of credit is secured by all investments of the Organization as described in the commercial security agreement. As of June 30, 2020, there was no outstanding balance.

**Note 12 - Employee Benefit Plan**

The Organization, through a professional employer organization, offers all employees a tax sheltered annuity under Internal Revenue Code Section 403(b) (the "Plan"). For 2020, the maximum amount of elective deferrals the employee may make to the Plan is \$ 19,500 (\$ 26,000 if over age 50). No contributions to the Plan are required of the Organization.

**Note 13 - Contract Funding**

The Organization receives financial assistance from state and local agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specific in the grant/contract agreements and may be subjected to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable laws and regulations. The Organization has been determined to be a vendor by the State of Florida and therefore is not considered a sub-recipient of federal or state funds under its contracts with the State of Florida, Department of Education, Division of Blind Services and the Florida Association of Agencies Serving the Blind.

For the year ended June 30, 2020, contract revenue not subject to the single audit requirements, was comprised of the following:

<u>Program</u>	<u>Contract Number</u>	<u>Amount</u>
State of Florida, Department of Education, Division of Blind Services:		
Vocational Rehabilitation and Transition	18-542	\$ 482,775
Pre-Employment Transition and Transition	18-542	318,855
Independent Living Older Blind	20-528	210,000
Children's Program*	19-585 & 20-585	130,875
Blind Babies	20-513	105,000
Independent Living Adult	20-572	<u>44,100</u>
		<u>\$ 1,291,605</u>

\*Passed through Florida Association of Agencies Serving the Blind.

During the year ended June 30, 2020, the Organization received additional funding from the Florida Department of Transportation amounting to approximately \$ 70,500, which included Federal and State participation. The funds were utilized to acquire certain vehicles. Revenues were recorded with grants and contributions in the accompanying statement of activities.

**Note 14 - Commitments**

**Lease agreements:** The Organization currently leases office equipment requiring monthly installments of approximately \$ 1,700, plus certain excess usage charges, until May 2023. Additionally, the Organization has a lease agreement for warehouse and office space in connection with the WorkForce Solutions program. The lease currently requires monthly installments of approximately \$ 3,300 (with 4% annual increases), plus annual "common area maintenance" fees, through June 2022. Total expense in connection with these agreements, including other expired agreements, amounted to approximately \$ 62,000 for the year ended June 30, 2020.

**Note 14 - Commitments (continued)**

The following is a schedule of approximate future base minimum lease payments relating to these leases:

Year Ending June 30,	Amount
2021	\$ 60,000
2022	\$ 58,000
2023	\$ 18,300
Thereafter	\$ NONE

**Note 15 - Uncertainties**

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown precisely how the future outlook of the pandemic could impact the Organization's financial statements in the future. No adjustments have been made to the accompanying financial statements as a result of the current events.

**Paycheck Protection Program:** Through a local financial institution, the Organization received approximately \$ 308,000 from the U.S. Small Business Administration ("SBA") as part of the Paycheck Protection Program ("PPP"), which is designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Organization has elected to account for the PPP funds in accordance with FASB's ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. Under this method the PPP funds were recorded as a refundable advance in the statement of financial position when it was received in April 2020. During the fiscal year, the Organization recognized approximately \$ 137,000 in revenue (grants and contributions) as the related conditions were deemed substantially met by management. Approximately \$ 171,000 remains as a refundable advance at June 30, 2020. It is expected that the Organization will apply for full forgiveness by the end of the calendar year 2020, in accordance with the terms of this program.