

# Lighthouse of Broward County, Inc.

Financial Statements  
For the Year Ended June 30, 2023



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Financial Statements  
For the Year Ended June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse of Broward County, Inc. as of June 30, 2023, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
September 11, 2023

**Lighthouse of Broward County, Inc.**  
**Statement of Financial Position**  
**June 30, 2023**  
**(with comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 993,844	\$ 2,005,162
Contracts and grants receivable	120,177	163,088
Prepays and other assets	<u>284,158</u>	<u>48,129</u>
Total current assets	<u>1,398,179</u>	<u>2,216,379</u>
Long-term assets:		
Property and equipment, net	39,987	554,272
Investments	<u>20,943,085</u>	<u>5,412,943</u>
Total long-term assets	<u>20,983,072</u>	<u>5,967,215</u>
Total assets	<u>\$ 22,381,251</u>	<u>\$ 8,183,594</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 23,720	\$ 32,982
Accrued liabilities	113,080	104,846
Refundable advances and deferred revenue	<u>284,996</u>	<u>571,369</u>
Total liabilities	<u>421,796</u>	<u>709,197</u>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	1,003,089	1,957,345
Board designated	<u>20,643,085</u>	<u>5,112,943</u>
Total without donor restrictions	<u>21,646,174</u>	<u>7,070,288</u>
With donor restrictions:		
Purpose and time restrictions	13,281	104,109
Perpetual in nature	<u>300,000</u>	<u>300,000</u>
Total with donor restrictions	<u>313,281</u>	<u>404,109</u>
Total net assets	<u>21,959,455</u>	<u>7,474,397</u>
Total liabilities and net assets	<u>\$ 22,381,251</u>	<u>\$ 8,183,594</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, 2023**  
**(with comparative totals for 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>Public Support and Revenues:</b>				
Contract revenue	\$ 1,439,572	\$ -	\$ 1,439,572	\$ 1,394,517
Grants and contributions	2,833,334	75	2,833,409	1,325,196
Contributions of nonfinancial assets	118,916	-	118,916	3,500
Investment income (loss), net	710,942	-	710,942	(898,787)
Special events	242,378	-	242,378	27,601
Program income	52,940	-	52,940	146,141
	<u>5,398,082</u>	<u>75</u>	<u>5,398,157</u>	<u>1,998,168</u>
Total public support and revenues				
Net assets released from restrictions	<u>90,903</u>	<u>(90,903)</u>	<u>-</u>	<u>-</u>
Total public support, revenues and net assets released from restrictions	<u>5,488,985</u>	<u>(90,828)</u>	<u>5,398,157</u>	<u>1,998,168</u>
<b>Expenses:</b>				
Program services	2,550,724	-	2,550,724	2,448,600
Supporting services:				
Management and general	139,349	-	139,349	95,276
Fundraising	292,427	-	292,427	232,916
	<u>2,982,500</u>	<u>-</u>	<u>2,982,500</u>	<u>2,776,792</u>
Total expenses				
<b>Other Nonoperating Income (Expenses):</b>				
Gain on sale of property and equipment	12,069,401	-	12,069,401	-
	<u>14,575,886</u>	<u>(90,828)</u>	<u>14,485,058</u>	<u>(778,624)</u>
Change in net assets				
<b>Net Assets, Beginning of year</b>	<u>7,070,288</u>	<u>404,109</u>	<u>7,474,397</u>	<u>8,253,021</u>
<b>Net Assets, End of year</b>	<u>\$ 21,646,174</u>	<u>\$ 313,281</u>	<u>\$ 21,959,455</u>	<u>\$ 7,474,397</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, 2023**  
**(with comparative totals for 2022)**

	Program Services						Supporting Services					Total 2023	Total 2022
	Adult Programs			Youth Programs			Total Program Services	Management and Fundraising		Total Supporting Services			
	Vital Living	Working Solutions	WorkForce/ Ready to Work	Teen Life	KIDS Program	Bright Beginnings		General	Fundraising				
Compensation, taxes and fringe benefits	\$ 520,363	\$ 499,434	\$ 283,190	\$ 186,376	\$ 167,220	\$ 211,708	\$ 1,868,291	\$ 105,984	\$ 178,560	\$ 284,544	\$ 2,152,835	\$ 2,082,902	
Development (including \$1,102 in-kind)	14,628	13,508	9,679	7,758	7,758	7,758	61,089	855	64,534	65,389	126,478	61,639	
Equipment rental and maintenance	13,406	12,207	9,768	6,179	5,709	5,697	52,966	2,781	6,797	9,578	62,544	102,047	
Building occupancy costs (including \$ 117,814 in-kind)	28,292	28,292	24,049	23,647	23,236	21,124	148,640	14,603	13,722	28,325	176,965	100,742	
Client services	1,262	324	32,914	50,905	29,965	2,344	117,714	-	-	-	117,714	125,335	
Insurance	12,151	12,151	9,721	7,575	7,968	5,468	55,034	5,192	6,683	11,875	66,909	65,297	
Provision for depreciation	8,895	8,895	7,116	4,447	4,003	4,003	37,359	2,224	4,892	7,116	44,475	57,265	
Professional fees	11,844	3,380	1,647	7,701	4,832	1,697	31,101	1,022	2,387	3,409	34,510	63,116	
Travel and conferences	6,098	3,105	3,093	1,523	1,278	3,400	18,497	318	654	972	19,469	13,599	
Organizational development, accreditation and dues	12,951	9,213	7,014	4,365	27,681	3,955	65,179	2,197	4,801	6,998	72,177	18,426	
Office expenses	7,541	7,301	5,862	3,682	3,321	3,320	31,027	1,857	5,557	7,414	38,441	27,703	
Miscellaneous	4,738	4,709	3,958	2,219	2,428	2,100	20,152	2,316	3,840	6,156	26,308	47,261	
Rehabilitation aids	27,078	16,597	-	-	-	-	43,675	-	-	-	43,675	11,460	
<b>Totals</b>	<b>\$ 669,247</b>	<b>\$ 619,116</b>	<b>\$ 398,011</b>	<b>\$ 306,377</b>	<b>\$ 285,399</b>	<b>\$ 272,574</b>	<b>\$ 2,550,724</b>	<b>\$ 139,349</b>	<b>\$ 292,427</b>	<b>\$ 431,776</b>	<b>\$ 2,982,500</b>	<b>\$ 2,776,792</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, 2023**  
**(with comparative totals for 2022)**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 14,485,058	\$ (778,624)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Provision for depreciation	44,475	57,265
Net realized/unrealized (gain) loss on investments	(594,162)	960,343
Gain on sale of property and equipment	(12,069,401)	-
(Increase) decrease in assets:		
Contracts and grants receivable	42,911	14,376
Prepays and other assets	(236,029)	(2,746)
Increase (decrease) in liabilities:		
Accounts payable	(9,262)	(5,149)
Accrued liabilities	8,234	16,550
Refundable advances and deferred revenue	(286,373)	(79,226)
	<u>1,385,451</u>	<u>182,789</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sales and maturities of investments	4,687,895	1,480,872
Proceeds from the sale of property and equipment, net	12,539,211	(20,426)
Purchases of investments	(19,623,875)	(1,542,878)
	<u>(2,396,769)</u>	<u>(82,432)</u>
<b>Net cash provided by (used in) investing activities</b>		
	<u>(1,011,318)</u>	<u>100,357</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		
	<u>2,005,162</u>	<u>1,904,805</u>
<b>Cash and Cash Equivalents, Beginning of year</b>		
	<u>993,844</u>	<u>2,005,162</u>
<b>Cash and Cash Equivalents, End of year</b>		
	<u>150,273</u>	<u>99,185</u>
<b>Supplemental Disclosure of Cash Flows Information:</b>		
Cash received from interest and dividends	\$ <u>150,273</u>	\$ <u>99,185</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 be the leader in Broward County that provides leadership, services, advocacy, and the resources necessary to enhance the lives of people who are blind and 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, 2023. Additionally, continuing education services were provided to an approximate 1,700 former clients through the Organization's Lifetime Learners program.

In addition, the Organization services include the WorkForce Enterprises/Ready to Work program. The mission of WorkForce Enterprises/Ready to Work is to enhance the personal and economic independence of clients by directly providing employment opportunities through the delivery of services and innovative apprenticeship and job placement opportunities. The WorkForce Enterprise/Ready to Work program created 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 35 Bright Beginning children and their parents during the year ended June 30, 2023.

*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 3,300 hours of instruction to approximately 60 KIDS during the year ended June 30, 2023.

*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 6,900 hours of instruction to approximately 60 teens during the year ended June 30, 2023.

## Note 2 - Summary of Significant Accounting Policies

**Basis of accounting:** The Organization uses the accrual basis of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Revenues are recognized when earned and expenses are recognized when incurred.

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

**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.

**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 cash, 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), money market funds and negotiable certificates of deposit. 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 (loss), net."

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

**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. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no material unconditional or conditional promises to give as of June 30, 2023.

**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:

Furniture and equipment	3-10 years
Vehicles	5 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.

**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.

**Contributed goods and services (nonfinancial assets):** 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, including rent, are recorded at their estimated fair market value when received.

**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.

**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. Receivable balances are unsecured. The Organization has cash, including certificates of deposits, 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 prior year summarized comparative information in total but not by net asset class and functional expense classification. Such information does not include sufficient detail to conform with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the summarized comparative information was derived.

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

**Reclassifications:** Prior period financial statement amounts have been reclassified to conform to current period presentation. Total net assets and change in net assets are unchanged due to these reclassifications.

**Date of management review:** Subsequent events were evaluated by management through September 11, 2023, 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	\$ 993,844
Contracts and grants receivable	120,177
Investments	<u>20,943,085</u>
Financial Assets, at year-end	<u>22,057,106</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Purpose and time restrictions by donor	(13,281)
Perpetual restrictions by donor	(300,000)
Board designations (1):	
Operating activities	<u>(20,643,085)</u>
Financial assets available to meet cash needs for general expenditures within one year, and to pay current liabilities as they become due	\$ <u><u>1,100,740</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, 2023 contracts and grants receivable consist of the following:

Florida Department of Education, Division of Blind Services	\$ 107,752
Florida Association of Agencies Serving the Blind	11,875
Others	<u>550</u>
	\$ <u><u>120,177</u></u>

**Note 5 - Property and Equipment**

Property and equipment consisted of the following at June 30, 2023:

Furniture and equipment	\$ 105,777
Vehicles	86,308
	<u>192,085</u>
Less: accumulated depreciation	<u>(152,098)</u>
	<u>\$ 39,987</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, 2023:

Fixed income (certificates of deposit)	\$ 13,767,228
Mutual funds (equities and fixed income)	5,812,218
Cash and money market funds	1,330,095
Pooled investments	<u>33,544</u>
Total	<u>\$ 20,943,085</u>

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

Net realized and unrealized gain (loss)	\$ 594,162
Interest and dividends	150,273
Fees and other	<u>(33,493)</u>
Total	<u>\$ 710,942</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.

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

- 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.

The following table represents the fair value of the investments as held by the Organization at June 30, 2023:

Description	Level 1	Level 2	Total
Fixed income	\$ -	\$ 13,767,228	\$ 13,767,228
Mutual funds	5,812,218	-	5,812,218
Cash and money market funds	-	1,330,095	1,330,095
Pooled investments	-	33,544	33,544
Total	\$ <u>5,812,218</u>	\$ <u>15,130,867</u>	\$ <u>20,943,085</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, 2023, board designations totaled \$ 20,643,085.

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

Net assets with donor restrictions are restricted for the following purposes or period as of June 30, 2023:

Subject to expenditure for specified purpose:	
Alumni and teachers	\$ 10,786
Adult programs	1,250
Children's programs	1,245
	13,281
Endowments (Note 10):	
Required to be held in perpetuity by donor for specified purpose:	
Capital improvements	200,000
KIDS Program	100,000
	300,000
Total	\$ <u>313,281</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:

Children's programs	\$	90,403
Alumni and teachers		500
	\$	90,903

**Note 10 - Endowment Funds**

The Board of Directors of the Organization previously adopted a fiscal policy which established an endowment fund (the "Endowment Fund") to serve as a focal point for fund raising efforts and to provide funding for capital improvements or any building related cost; and 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, 2023 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 fixed income (certificates of deposits), cash and 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, 2023:

	Without Donor Restrictions (Note 8)	With Donor Restrictions (Note 9)	Total
Endowment net assets, beginning of year	\$ 5,112,943	\$ 300,000	\$ 5,412,943
Contributions and other deposits	14,819,253	-	14,819,253
Interest and dividends	150,220	-	150,220
Fees and other	(33,493)	-	(33,493)
Net realized and unrealized gain (loss)	<u>594,162</u>	<u>-</u>	<u>594,162</u>
Endowment net assets, end of year	<u>\$ 20,643,085</u>	<u>\$ 300,000</u>	<u>\$ 20,943,085</u>

Endowment net assets are comprised of the following:

Endowment Fund, including \$ 300,000 held in perpetuity	\$ 20,909,541
Community Foundation of Broward, Inc.	<u>33,544</u>
	<u>\$ 20,943,085</u>

**Note 11 - Line of Credit**

The Organization has a \$ 750,000 flexible line of credit for general liquidity purposes. Interest is payable monthly at the Secured Overnight Financing Rate ("SOFR") plus a spread determined by the financial institution (7.47 % as of June 30, 2023). Any outstanding balance is payable on demand. As described in the loan management account agreement, this line of credit is secured by a certain investment account amounting to approximately \$ 5.6 million at year end. As of June 30, 2023, 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"). Eligible participants are permitted to contribute to the plan via salary deferrals and are limited only by certain provisions of the Internal Revenue Code. In May 2023, the Organization started providing a 100% match up to 3% of the employees' eligible earnings. The total Plan expense to the Organization amounted to approximately \$ 8,500 for the year ended June 30, 2023.

**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, 2023, 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: Pre-Employment Transition, Vocational Rehabilitation and Transition	21-542	\$ 850,922
Independent Living Older Blind Children's Program*	21-528	280,980
Blind Babies	23-585	159,985
Independent Living Adult	21-513	98,183
	21-572	<u>49,502</u>
		<u>\$ 1,439,572</u>

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

**Note 14 - Commitments**

In February 2023, the Organization entered into a purchase and sale agreement for the acquisition of a real estate facility for approximately \$ 6.2 million. Unless terminated sooner, the closing is scheduled to be no later than September 30, 2023.