

**Manasota Lighthouse for the
Blind, Inc.
(d/b/a Lighthouse Vision Loss
Education Center)**

Financial Statements

September 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mana-sota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

We have audited the accompanying financial statements of Mana-sota Lighthouse for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statement 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Mana-sota Lighthouse for the Blind, Inc. as of September 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited Mana-sota Lighthouse for the Blind, Inc.'s 2018 financial statements, and our report dated February 27, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Cavanaugh & Co LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
March 30, 2020

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Statement of Financial Position
September 30, 2019
(with comparative totals for 2018)

ASSETS

| | 2019 | 2018 |
|---|--------------|-----------|
| Current assets: | | |
| Cash and cash equivalents | \$ 233,221 | 211,642 |
| Inventory | 15,085 | 15,897 |
| Grants receivable | 123,011 | 160,449 |
| Prepaid expenses | 8,231 | 11,620 |
| Total current assets | 379,548 | 399,608 |
| Property and equipment, net | 159,452 | 200,352 |
| Beneficial interest in community foundation | 3,530,392 | 3,561,711 |
| Total assets | \$ 4,069,392 | 4,161,671 |

LIABILITIES AND NET ASSETS

| | | |
|---|--------------|-----------|
| Current liabilities: | | |
| Accounts payable | \$ 10,336 | 6,789 |
| Deferred revenue | - | 43,419 |
| Accrued expenses | 46,984 | 52,603 |
| Total current liabilities | 57,320 | 102,811 |
| Net assets: | | |
| Without donor restrictions | | |
| Undesignated | 404,209 | 419,678 |
| Board designated | 227,471 | 227,471 |
| Total net assets without donor restrictions | 631,680 | 647,149 |
| With donor restrictions | 3,380,392 | 3,411,711 |
| Total net assets | 4,012,072 | 4,058,860 |
| Total liabilities and net assets | \$ 4,069,392 | 4,161,671 |

See accompanying notes to financial statements.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Statement of Activities and Changes in Net Assets
Year Ended September 30, 2019
(with comparative totals for 2018)

| | 2019 | | | 2018 |
|---|-------------------------------|----------------------------|-----------|-----------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| Support and revenue: | | | | |
| Public support: | | | | |
| State and federal grants and contracts | \$ 936,199 | - | 936,199 | 930,041 |
| Contributions, foundations and other public support | 157,401 | - | 157,401 | 151,745 |
| Wills and estates | 10,123 | - | 10,123 | 133,487 |
| County grants and contracts | 19,850 | - | 19,850 | 16,250 |
| Other grants | 105,134 | - | 105,134 | 67,704 |
| Peepers store revenues | 88,383 | - | 88,383 | 91,888 |
| Total public support | 1,317,090 | - | 1,317,090 | 1,391,115 |
| Support from special events: | | | | |
| Revenue | 159,392 | - | 159,392 | 118,156 |
| Expense | (72,747) | - | (72,747) | (57,942) |
| Net support from special events | 86,645 | - | 86,645 | 60,214 |
| Investment income: | | | | |
| Interest and dividends, net of fees | 39 | 83,670 | 83,709 | 88,620 |
| Realized and unrealized gain | - | 34,990 | 34,990 | 143,977 |
| Total investment income | 39 | 118,660 | 118,699 | 232,597 |
| Released from temporarily restricted net assets | 149,979 | (149,979) | - | - |
| Total support and revenue | 1,553,753 | (31,319) | 1,522,434 | 1,683,926 |
| Expenses: | | | | |
| Program services: | | | | |
| Independent living-older blind | 613,899 | - | 613,899 | 597,786 |
| Independent living-adult program | 30,193 | - | 30,193 | 52,210 |
| Vocational rehabilitation | 208,859 | - | 208,859 | 215,029 |
| Assistive technology | 144,878 | - | 144,878 | 135,584 |
| Blind babies | 95,430 | - | 95,430 | 71,283 |
| Children's program | 102,725 | - | 102,725 | 94,241 |
| Peepers store | 122,241 | - | 122,241 | 132,883 |
| Total program services | 1,318,225 | - | 1,318,225 | 1,299,016 |
| Support services: | | | | |
| Management and general | 131,236 | - | 131,236 | 105,597 |
| Fundraising | 119,761 | - | 119,761 | 111,818 |
| Total support services | 250,997 | - | 250,997 | 217,415 |
| Total expenses | 1,569,222 | - | 1,569,222 | 1,516,431 |
| Change in net assets | (15,469) | (31,319) | (46,788) | 167,495 |
| Net assets - beginning of year | 647,149 | 3,411,711 | 4,058,860 | 3,891,365 |
| Net assets - end of year | \$ 631,680 | 3,380,392 | 4,012,072 | 4,058,860 |

See accompanying notes to financial statements.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Statement of Functional Expenses
Year Ended September 30, 2019
(with comparative totals for 2018)

| | 2019 | | | | | | | | | | | Total Expenses | |
|-------------------------------------|---------------------------------|---------------------------------|---------------------------|----------------------------|-----------------|---------------------|---------------|------------------------|------------------------|-------------|---------------------------|----------------|--------------|
| | Program Services | | | | | Supporting Services | | | | | Total Supporting Services | | |
| | Independent Living-55 and Older | Independent Living-Under Age 55 | Vocational Rehabilitation | Young Adults VR Transition | Early Childhood | Children's Program | Peepers Store | Total Program Services | Management and General | Fundraising | | | |
| | \$ 411,917 | 17,599 | 142,263 | 88,228 | 64,762 | 70,021 | 49,607 | 844,397 | 88,709 | 88,288 | 176,997 | 1,021,394 | 990,174 |
| Salaries | 32,875 | 2,375 | 11,820 | 7,883 | 4,331 | 4,722 | 2,754 | 66,760 | 5,907 | 6,103 | 12,010 | 78,770 | 95,255 |
| Health insurance | 31,559 | 1,366 | 10,845 | 6,731 | 4,942 | 5,342 | 4,158 | 64,943 | 6,787 | 6,315 | 13,102 | 78,045 | 74,827 |
| Payroll taxes | 418 | 32 | 152 | 102 | 55 | 60 | 35 | 854 | 74 | 78 | 152 | 1,006 | 2,824 |
| Life insurance | 9,483 | 718 | 3,432 | 2,297 | 1,249 | 1,355 | 789 | 19,323 | 1,709 | 1,762 | 3,471 | 22,794 | 13,654 |
| Retirement | 1,985 | 170 | 732 | 494 | 262 | 279 | 162 | 4,084 | 363 | 370 | 733 | 4,817 | 5,480 |
| Workers' compensation | 488,237 | 22,260 | 169,244 | 105,735 | 75,601 | 81,779 | 57,505 | 1,000,361 | 103,549 | 102,916 | 206,465 | 1,206,826 | 1,182,214 |
| Total salaries and related expenses | 2,768 | 206 | 999 | 668 | 365 | 396 | 4,124 | 9,526 | - | 514 | 514 | 10,040 | 8,525 |
| Advertising | - | - | - | - | - | - | 2,298 | 2,298 | 602 | 267 | 869 | 3,167 | 3,737 |
| Bank Charges | 3,708 | 321 | 1,361 | 921 | 486 | 517 | - | 7,314 | 734 | 2,610 | 3,344 | 10,658 | 9,182 |
| Computer fees | 522 | 35 | 173 | 115 | 63 | 69 | - | 977 | 87 | 89 | 176 | 1,153 | 3,522 |
| Computer hardware | 2,956 | 145 | 1,415 | 674 | 784 | 377 | - | 6,351 | 357 | 991 | 1,348 | 7,699 | 7,475 |
| Continuing education | 7,708 | 554 | 2,769 | 1,846 | 1,015 | 1,108 | - | 15,000 | - | - | - | 15,000 | - |
| Database rebuilding | 3,847 | 286 | 1,354 | 907 | 492 | 533 | - | 7,419 | 160 | 252 | 412 | 7,831 | 6,194 |
| Dues/subscriptions | 2,417 | 174 | 868 | 579 | 318 | 347 | 203 | 4,906 | 1,368 | 1,398 | 2,766 | 883 | 5,679 |
| Electric | 7,503 | 636 | 2,761 | 1,863 | 989 | 1,057 | 615 | 15,424 | 542 | 512 | 1,054 | 18,190 | 18,330 |
| Liability insurance | 2,062 | 87 | 587 | 425 | 278 | 294 | - | 3,733 | 238 | 556 | 794 | 4,787 | 5,514 |
| Miscellaneous | 2,432 | 187 | 882 | 591 | 320 | 347 | 200 | 4,959 | 455 | 452 | 907 | 5,866 | 7,018 |
| Office machine expense | 3,292 | 211 | 1,049 | 776 | 425 | 438 | 1,240 | 7,431 | 5,388 | 20 | 5,408 | 8,225 | 5,082 |
| Office supplies | 112 | - | 112 | - | - | - | 32 | 256 | - | - | - | 5,664 | 5,977 |
| Payroll / HR services | 17,062 | 425 | 1,317 | 10,141 | 300 | 3,733 | 52,897 | 32,978 | - | - | - | 32,978 | 36,994 |
| Peepers store/vision aids | 478 | 44 | 168 | 112 | 72 | 67 | 215 | 1,156 | 156 | (279) | (123) | 1,033 | 1,963 |
| Postage | - | - | - | - | - | - | - | - | 9,869 | - | 9,869 | 9,869 | 12,693 |
| Professional | 3,789 | 251 | 1,256 | 837 | 461 | 502 | - | 7,096 | 1 | 1,149 | 1,150 | 8,246 | 6,073 |
| Public relations | 10,548 | 776 | 3,802 | 2,539 | 1,390 | 1,512 | 882 | 21,449 | 1,964 | 1,959 | 3,923 | 25,372 | 13,676 |
| Repair and maintenance | 453 | 33 | 163 | 109 | 60 | 65 | 38 | 921 | 364 | 284 | 648 | 1,569 | 1,128 |
| Taxes and licenses | 4,547 | 403 | 1,690 | 1,013 | 987 | 709 | 238 | 9,587 | 550 | 846 | 1,396 | 10,983 | 8,861 |
| Telephone | 12,539 | 513 | 3,922 | 6,496 | 6,134 | 3,729 | 20 | 33,353 | 130 | 128 | 258 | 33,353 | 28,955 |
| Travel, client | 1,342 | 68 | 494 | 204 | 347 | 203 | - | 2,658 | 1 | - | 1 | 2,916 | 6,903 |
| Travel, professional | 10,188 | 749 | 3,460 | 2,311 | 1,245 | 1,353 | - | 19,306 | 188 | 196 | 384 | 19,307 | 16,582 |
| Vehicle/auto insurance | 1,052 | 80 | 381 | 255 | 139 | 150 | 88 | 2,145 | 573 | 808 | 1,381 | 2,529 | 2,806 |
| Water and sewer | 4,706 | 338 | 1,579 | 1,059 | 573 | 619 | - | 8,874 | 127,710 | 116,117 | 243,827 | 1,522,202 | 1,469,664 |
| Strategic planning/rebranding | 594,268 | 28,782 | 201,806 | 140,176 | 92,844 | 99,904 | 120,595 | 1,278,375 | 3,526 | 3,644 | 7,170 | 47,020 | 46,767 |
| Total expenses before depreciation | 19,631 | 1,411 | 7,053 | 4,702 | 2,586 | 2,821 | 1,646 | 39,850 | 131,236 | 119,761 | 250,997 | 1,569,222 | 1,516,431 |
| Depreciation | 613,899 | 30,193 | 208,859 | 144,878 | 95,430 | 102,725 | 122,241 | 1,318,225 | - | - | - | - | - |
| Total expenses | \$ 1,187,530 | \$ 31,604 | \$ 215,912 | \$ 149,580 | \$ 190,860 | \$ 205,446 | \$ 244,887 | \$ 2,696,495 | \$ 131,236 | \$ 119,761 | \$ 250,997 | \$ 1,569,222 | \$ 1,516,431 |

See accompanying notes to financial statements.

Mana-sota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Statement of Cash Flows
Year Ended September 30, 2019
(with comparative totals for 2018)

| | 2019 | 2018 |
|---|-------------|-----------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (46,788) | 167,495 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 47,020 | 46,767 |
| Realized and unrealized investment gain, net of fees | (34,990) | (143,977) |
| (Increase) decrease in: | | |
| Inventory | 812 | (4,065) |
| Grants receivable | 37,438 | (73,161) |
| Prepaid expenses | 3,389 | (3,339) |
| Increase (decrease) in: | | |
| Accounts payable | 3,547 | (623) |
| Deferred revenue | (43,419) | 4,819 |
| Accrued expenses | (5,619) | (4,982) |
| Total adjustments | 8,178 | (178,561) |
| Net cash flows from operating activities | (38,610) | (11,066) |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (6,120) | (44,341) |
| Distribution from Community Foundation | 149,979 | 246,298 |
| Purchases of investments | (83,670) | (88,521) |
| Net cash flows from investing activities | 60,189 | 113,436 |
| Increase in cash and cash equivalents | 21,579 | 102,370 |
| Cash and cash equivalents - beginning of year | 211,642 | 109,272 |
| Cash and cash equivalents - end of year | \$ 233,221 | 211,642 |

See accompanying notes to financial statements.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Notes to Financial Statements
September 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Manasota Lighthouse for the Blind, Inc. (“the Organization”) exists to educate and empower those affected by vision loss so they may enjoy happy, healthy and independent lives. The Organization works to transform our community so those with vision loss have the opportunity to participate, contribute and rise to their fullest potential.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Tax Status

The Organization has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of standards relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended September 30, 2019.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Notes to Financial Statements – Continued
September 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are recorded at their fair value at the date of the gift. Expenditures for repairs which do not materially prolong the useful lives of the related assets are charged to operating expenses as incurred. Depreciation expense is calculated under the straight-line method over the estimated useful lives as follows:

| | |
|-----------------------------|-------------|
| Buildings and improvements | 10-30 years |
| Computer software/equipment | 3-5 years |
| Furniture and fixtures | 5-7 years |

Beneficial Interest

The Organization has a beneficial interest in assets held by a community foundation. The Organization's interest has been recorded at the respective fair value of the assets.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. An allowance for uncollectable promises to give is established as necessary and is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2019 no allowance for uncollectable promises to give was deemed necessary.

Donated Services

The Organization recognizes donated services which create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation. Donated services meeting these criteria are recognized as contributions by the Organization. Directors, officers and volunteers have made a significant contribution of their time to develop the Organization and its programs. The value of these services is not reflected in the accompanying financial statement since they do not meet the criteria for recognition.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Notes to Financial Statements – Continued
September 30, 2019

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

Note 2 – Concentration of Credit Risk:

The Organization maintains its cash balances at local financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. Due to the timing of receipts, the Organization may periodically have cash balances with any one financial institution exceeding the insured amount. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Note 3 – Beneficial Interest in Community Foundation:

In 2009, the Organization entered into an agreement with the Community Foundation of Sarasota County, Inc. for the creation of the Lighthouse Vision Loss Education Center Endowment Fund ("Fund"). This fund was established to provide current income and long-term protection for the operations of the Organization. The Fund is maintained by The Community Foundation of Sarasota County and is subject to restrictions set forth in the initial agreement, which include provisions for income and other distributions and provides variance power to the Foundation in the terms of gifts.

Note 4 – Property and Equipment:

Property and equipment consist of the following:

| | |
|---------------------------------|-------------------|
| Land | \$ 60,000 |
| Building and improvements | 522,731 |
| Furniture and fixtures | 48,336 |
| Vehicles | 104,345 |
| Equipment | <u>188,956</u> |
| Total property and equipment | 924,368 |
| Less - accumulated depreciation | <u>(764,916)</u> |
| Net property and equipment | <u>\$ 159,452</u> |

Note 5 – Net Assets Without Donor Restrictions – Designated:

The Board of Directors approved a designation of net assets without restrictions for operating reserves. As of September 30, 2019, the balance was \$227,471.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Notes to Financial Statements – Continued
September 30, 2019

Note 6 – Net Assets With Donor Restrictions:

Net assets with donor restrictions consist of the following:

Purpose restrictions:

| | |
|---|---------------------|
| Beneficial interest in the Lighthouse Vision Loss Education Center Endowment Fund held by The Community Foundation of Sarasota County, Inc. | <u>\$ 3,380,392</u> |
| | <u>\$ 3,380,392</u> |

Note 7 – Retirement Plan:

In January 2017, the Organization changed its retirement plan for employees to a thrift plan pursuant to Section 403(b) of the Internal Revenue Code. All employees are eligible to participate in the plan upon hire. After an employee completes a year of service, if the employee is at least 21 years of age and has worked at least 1,000 hours in the previous year, the Organization will match 50% of employee contributions up to 6% of compensation (the maximum amount was 4% until September of 2018). All contributions vest with the employee immediately. Retirement plan expense was \$22,794 for the year ended September 30, 2019.

Note 8 – Line of Credit:

The Organization has a revolving line of credit with a local financial institution. Terms call for interest only payable monthly with a maturity date of April 29, 2021. Borrowings on the line of credit are secured by the Organization's equipment and inventory. Interest accrues at one percent above Prime Rate, 6.0% at September 30, 2019. As of September 30, 2019, there was no outstanding balance on the line of credit.

Note 9 – Fair Value of Financial Assets and Liabilities:

The Organization adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Organization's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2019, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publically traded equity securities.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Notes to Financial Statements – Continued
September 30, 2019

Note 9 – Fair Value of Financial Assets and Liabilities – Continued:

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Organization’s assumptions based on the best information available in the circumstance.

Assets and liabilities at fair value on a recurring basis at September 30, 2019:

| Description | Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using | | | |
|---------------------------------------|--|---|---|--|
| | September 30, 2019 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investment in Community Foundation | \$ 3,530,392 | - | - | 3,530,392 |
| Total assets at fair value | \$ 3,530,392 | - | - | 3,530,392 |

The following is a reconciliation of the beginning and ending balances for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended September 30, 2019:

| | |
|--|--------------|
| Balance - September 30, 2018 | \$ 3,561,711 |
| Realized and unrealized gains and fees | 34,990 |
| Interest and dividends | 88,025 |
| Investment fees | (4,355) |
| Disbursements | (149,979) |
| Balance - September 30, 2019 | \$ 3,530,392 |

Note 10– Functionalized Expenses:

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 that are allocated include occupancy, depreciation, and amortization, which are allocated based on relative usage of the space, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse Vision Loss Education Center)

Notes to Financial Statements – Continued
September 30, 2019

Note 11 – Liquidity and Availability:

The Organization regularly monitors the liquidity required to meet its operating needs and other contractual commitments. As of September 30, 2019, The Organization had \$356,232 of financial assets available within one year to meet cash needs for general expenditures, consisting of \$233,221 of cash and equivalents and \$123,011 of accounts receivable. None of these assets are subject to donor or other restrictions that make them unavailable for general expenditures.

The Organization has a goal to maintain financial assets without donor restrictions on hand to meet at least 30 days of normal operating expenses. As of September 30, 2019, The Organization had 56 days of operating expense coverage.

As of September 30, 2019, the following table shows the financial assets that are available to meet general expenditures within one year of the balance sheet date:

| | |
|--|-------------------|
| Cash and cash equivalents | \$ 233,221 |
| Accounts receivable | <u>123,011</u> |
| Total financial assets at September 30, 2019 available | 356,232 |
| Estimated annual distribution from beneficial interest in community foundation | <u>152,904</u> |
| Total financial assets available and estimated distribution | \$ <u>509,136</u> |

In addition to the assets listed above, the Organization has adopted a budget with an operating surplus (excluding non-cash items) and anticipates collecting sufficient revenue to cover general expenditures.

To help manage unanticipated liquidity needs, the Organization maintains a committed line of credit in the amount of \$100,000 which it can draw upon if needed, as discussed in Note 8. Additionally, the Organization has a board-designated quasi-endowment fund with a balance of \$3,530,392.44. Although the Organization does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditures as part of its annual budget and appropriation process (currently set at 4.5 percent each year), additional amounts from the quasi-endowment could be made available if necessary.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is moved into an FDIC-insured interest-bearing account.

Note 12 – Subsequent Events:

Subsequent events have been evaluated through March 30, 2020, which is the date the financial statements were available to be issued.