

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NORTH FORT MYERS, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2019



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lighthouse of Southwest Florida, Inc.

We have audited the accompanying financial statements of Lighthouse of Southwest Florida, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, 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 Lighthouse of Southwest Florida, 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.



MYERS, BRETT HOLTZ & COMPANY, PA
Fort Myers, Florida
January 28, 2020

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

Assets	
Cash and cash equivalents	\$ 228,307
Investments	464,254
Investments, restricted	402,104
Grants receivable	86,775
Prepaid expenses	4,007
Inventory	5,147
Land, building, and equipment, net	<u>313,231</u>
Total assets	<u><u>\$ 1,503,825</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 57,023
Accrued compensated absences	<u>16,757</u>
Total liabilities	<u>73,780</u>
Net Assets	
Without donor restrictions	962,484
With donor restrictions	<u>467,561</u>
Total net assets	<u>1,430,045</u>
Total liabilities and net assets	<u><u>\$ 1,503,825</u></u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Gross proceeds from special fund raising events	\$ 51,397	\$ -	\$ 51,397
Less costs of direct benefits to donors	12,149	-	12,149
Net proceeds from special fund raising events	39,248	-	39,248
Division of Blind Services	660,905	-	660,905
Lee County	238,356	-	238,356
Florida Department of Transportation	40,000	-	40,000
Hendry County	6,010	-	6,010
United Way	76,625	-	76,625
Program fees	6,294	-	6,294
Contributions	161,337	106,329	267,666
Interest and dividends	18,307	-	18,307
Other	8,849	-	8,849
Net assets released from restriction	47,444	(47,444)	-
Total revenue and support	1,303,375	58,885	1,362,260
Expenses			
Program services			
Independent living skills	430,964	-	430,964
Blind babies	192,526	-	192,526
Vocational rehabilitation	328,891	-	328,891
Childrens vision rehabilitation	160,254	-	160,254
Other	16,738	-	16,738
Total program services	1,129,373	-	1,129,373
Supporting services			
General and administrative	63,742	-	63,742
Fund raising	55,614	-	55,614
Total supporting services	119,356	-	119,356
Total expenses	1,248,729	-	1,248,729
Increase in net assets from operations	54,646	58,885	113,531
Non-operating Activities			
Investment return, net	12,950	-	12,950
Change in net assets	67,596	58,885	126,481
Net assets, beginning of year	894,888	408,676	1,303,564
Net assets, end of year	\$ 962,484	\$ 467,561	\$ 1,430,045

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LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program Services			
	Independent Living Skills	Blind Babies	Vocational Rehabilitation	Childrens Vision Rehabilitation
Salaries	\$ 277,825	\$ 144,073	\$ 210,282	\$ 107,784
Payroll taxes	21,115	10,951	16,026	8,185
Workers compensation insurance	5,844	1,474	3,891	2,126
Employee benefits	26,179	5,851	24,668	11,785
Other staff costs	-	15	79	84
	<hr/>	<hr/>	<hr/>	<hr/>
Total salaries and related expenses	330,963	162,364	254,946	129,964
Advertising	596	-	-	-
Bank and credit card fees	-	-	-	-
Cost of direct benefits to donors	-	-	-	-
Cost of goods sold	-	-	-	-
Depreciation	25,276	4,115	18,036	4,115
Development	-	-	-	-
Dues and subscriptions	2,954	941	1,354	535
Grant repayment	5,286	860	3,811	860
Insurance	11,949	6,245	12,421	6,245
Meetings and conferences	1,431	2,108	972	1,854
Occupancy	12,031	3,164	9,815	3,166
Other	2	-	-	-
Postage	741	128	256	128
Printing	183	191	149	191
Professional services	11,462	1,765	5,827	2,428
Program	10,755	6,796	12,807	7,222
Registration and licensing	-	-	-	-
Repairs and maintenance	8,437	1,687	4,050	1,687
Supplies	4,560	1,219	2,373	916
Telephone	4,338	943	2,074	943
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses by function	430,964	192,526	328,891	160,254
Less expenses included with revenue on the statement of activities				
Cost of direct benefits to donors	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses included in the expense section on the statement of activities	<u>\$ 430,964</u>	<u>\$ 192,526</u>	<u>\$ 328,891</u>	<u>\$ 160,254</u>

	<u>Program Services</u>			
	<u>Other</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 4,641	\$ 11,313	\$ 32,618	\$ 788,536
Payroll taxes	353	860	2,483	59,973
Workers compensation insurance	90	426	670	14,521
Employee benefits	424	1,294	4,228	74,429
Other staff costs	-	10,618	-	10,796
	<u>5,508</u>	<u>24,511</u>	<u>39,999</u>	<u>948,255</u>
Total salaries and related expenses				
Advertising	-	-	581	1,177
Bank and credit card fees	-	243	-	243
Cost of direct benefits to donors	-	-	12,149	12,149
Cost of goods sold	5,028	-	-	5,028
Depreciation	185	3,527	3,527	58,781
Development	-	-	2,475	2,475
Dues and subscriptions	80	460	308	6,632
Grant repayment	-	738	738	12,293
Insurance	195	2,059	2,059	41,173
Meetings and conferences	-	5,058	213	11,636
Occupancy	317	1,582	1,583	31,658
Other	81	1,619	426	2,128
Postage	188	58	64	1,563
Printing	-	70	385	1,169
Professional services	210	16,814	373	38,879
Program	4,669	4,414	1,630	48,293
Registration and licensing	-	411	-	411
Repairs and maintenance	-	506	506	16,873
Supplies	88	1,170	188	10,514
Telephone	189	502	559	9,548
	<u>16,738</u>	<u>63,742</u>	<u>67,763</u>	<u>1,260,878</u>
Total expenses by function				
Less expenses included with revenue on the statement of activities				
Cost of direct benefits to donors	-	-	(12,149)	(12,149)
	<u>-</u>	<u>-</u>	<u>(12,149)</u>	<u>(12,149)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 16,738</u>	<u>\$ 63,742</u>	<u>\$ 55,614</u>	<u>\$ 1,248,729</u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Cash Flows From Operating Activities	
Change in net assets	\$ 126,481
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Non-cash contribution of investments	(55,936)
Non-cash contribution of property and equipment	(42,437)
Gain on disposal of property and equipment	(8,478)
Net gain on investments	(16,726)
Depreciation	58,781
Changes in:	
Accounts receivable	694
Grants receivable	7,304
Prepaid expenses	4,772
Inventory	(2,552)
Accounts payable and accrued expenses	(56,424)
Accrued compensated absences	7,331
	<hr/>
Net cash provided by operating activities	22,810
	<hr/>
Cash Flows From Investing Activities	
Purchase of investments	(2,306)
Proceeds from sale of investments	39,918
Purchase of property and equipment	(6,794)
Proceeds from sale of property and equipment	13,658
	<hr/>
Net cash provided by investing activities	44,476
	<hr/>
Net change in cash and cash equivalents	67,286
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Cash and cash equivalents, beginning of year	161,021
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Cash and cash equivalents, end of year	\$ 228,307
	<hr/> <hr/>

Supplemental Information	
Interest paid	\$ -
Non-cash contribution of investments	<u>\$ 55,936</u>
Non-cash contribution of property and equipment	<u>\$ 42,437</u>

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part of the financial statements.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 - THE ORGANIZATION

Lighthouse of Southwest Florida, Inc. formerly Visually Impaired Persons of Southwest Florida, Inc. (the “Organization”) was incorporated on August 12, 1974, under the laws of Florida as a corporation not-for-profit. Through its programs, the Organization seeks to meet the needs of blind and visually impaired individuals with a variety of services designed to promote adjustment to blindness and enhance independent living skills.

The Organization’s program services include support and guidance for the visually impaired and blind of all ages to enable independence and productivity in society.

NOTE 2 - DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 28, 2020, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to the following net assets classifications:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors (the “Board”).

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions by the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and consists of realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Gains or losses on equity securities sold are based on the specific identification method. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Restricted investments consist of holdings related to the donor restricted endowment fund.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

The Organization's management has reviewed receivables outstanding as of September 30, 2019, and considers them to be fully collectible. Based on this and the Organization's prior history of insignificant bad debt on receivables, no allowance for uncollectible accounts is considered necessary. Bad debt expense is recognized during the period in which a specific account is determined to be uncollectible. There was no bad debt expense for the year ended September 30, 2019.

Property and Equipment

Property and equipment additions over \$500 are recorded at cost. Donated assets are recorded at their fair market value at the time of donation. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets, as further described in Note 8. The cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

The Organization reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset.

Compensated Absences

The Organization accumulates and records a liability for compensated absences accrued by employees. Unused personal time off has been accrued as a liability in the amount of \$16,757 for the year ended September 30, 2019.

Income Taxes

The Organization is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization is a not-for-profit Florida corporation, and therefore, is not subject to state income taxes. Accordingly, no provision for income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. The Organization's Form 990 remains subject to examination by the Internal Revenue Service for three years from the date of filing.

Management has analyzed its various federal filing positions and believes that the Organization's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense.

Fair Value of Financial Instruments

Substantially all of the Organization's assets and liabilities, excluding prepaid expenses, land, building, and equipment, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The fair value of substantially all equity securities is determined by quoted market prices and debt securities are determined by the broker using a third party source. The fair value of pooled funds with significant unobservable inputs is determined by a community foundation and is based on the allocation of the Organization's investment in their general endowment fund.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Support from federal, state and local grants is recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

Donated Services and In-kind Contributions

In-kind contributions are recorded as contributions in the accompanying financial statements at their estimated fair market value on the date of receipt.

Contributions of services are recognized only if services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically be purchased if not provided by donation. The Organization received contributions of services totaling \$23,260 for the year ended September 30, 2019.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$1,177 during the year ended September 30, 2019.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows

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

The Organization made no cash payments for income tax or interest during the year ended September 30, 2019.

Functional Allocation of Expenses

The costs of program and supporting services activities 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 function. Salaries and related expenses are allocated based on job descriptions and an informal time study prepared by management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting services, include: depreciation, personnel administration and accounting, and are allocated based on the best estimates of management using the square footage method.

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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and have adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at one financial institution. Accounts at the commercial banking institution are insured by the Federal Deposit Insurance Corporation (the "FDIC") up to \$250,000. As of September 30, 2019, the balance was fully insured, based on the bank statement balances less the FDIC insurance. Cash and cash equivalents at investment services companies totaling \$23,930 as of September 30, 2019, are not insured by the FDIC.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 5 - AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year end:	
Cash and cash equivalents	\$ 228,307
Investments	464,254
Grants receivable	86,775
Total financial assets	<u>779,336</u>
Less amounts not available to be used within one year:	
Accounts payable and accrued expenses	57,023
Accrued compensated absences	16,757
Net assets with donor restrictions	65,457
Less net assets with purpose restrictions to be met in less than a year	<u>(65,457)</u>
	<u>73,780</u>
Financial assets available to meet general expenditures over the next year	<u><u>\$ 705,556</u></u>

The Organization's goal is to maintain financial assets to meet three months of operating expenses, which is approximately \$416,000. This period of time was determined by management's review of the typical life cycle of converting its financial assets to cash and typical payments of amounts owed. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

NOTE 6 - INVESTMENTS

Investments consisted of the following as of September 30, 2019:

Mutual funds	\$ 80,962
Pooled funds	25,219
Equity securities	481,468
REITs	120,510
Annuities	158,199
	<u>\$ 866,358</u>

Investment fees totaling \$3,776 for the year ended September 30, 2019, were netted against investment return.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 - INVESTMENTS (Continued)

The following are the major categories of assets measured at fair value on a recurring basis during the year ended September 30, 2019, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total as of 9/30/19
Mutual funds	\$ 80,962	\$ -	\$ -	\$ 80,962
Pooled funds	-	-	25,219	25,219
Equity securities	481,468	-	-	481,468
REITs	-	-	120,510	120,510
Annuities	-	-	158,199	158,199
	<u>\$ 562,430</u>	<u>\$ -</u>	<u>\$ 303,928</u>	<u>\$ 866,358</u>

Fair value measurements using significant unobservable inputs (Level 3) as of September 30, 2019:

	Fair Value Measurements Using Significant Observable Inputs (Level 3)			Total
	Available-for-sale Debt Securities	Other Fund Investments		
	Annuities	Pooled Funds	REITs	
Beginning balance	\$ 175,349	\$ 26,447	\$ 139,427	\$ 341,223
Purchases				-
Redemptions	(9,593)	(1,049)	(12,159)	(22,801)
Total gains or losses (realized/unrealized) included in earnings	(7,557)	(9)	(6,758)	(14,324)
Interest and dividends	-	396	-	396
Fees	-	(566)	-	(566)
Ending balance	<u>\$ 158,199</u>	<u>\$ 25,219</u>	<u>\$ 120,510</u>	<u>\$ 303,928</u>

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of September 30, 2019:

Division of Blind Srvices	\$ 58,788
FDOT	12,813
Lee County	5,087
State of Florida	4,961
FAASB	4,354
Hendry County	772
	<u>\$ 86,775</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2019:

	<u>Estimated Useful Lives</u>	
Land	N/A	\$ 68,462
Building and improvements	3-30 years	665,634
Furniture and equipment	3-10 years	91,122
Vehicles	5 years	208,989
		<u>1,034,207</u>
Less: accumulated depreciation		<u>(720,976)</u>
		<u>\$ 313,231</u>

Depreciation expense was \$58,781 for the year ended September 30, 2019.

NOTE 9 - OPERATING LEASES

The Organization has a 63 month lease agreement for a copier ending in May 2023, with automatic one year renewals unless cancelled in accordance with the terms of the agreement. The Organization also has a 51 month lease agreement for a postage meter ending in September 2022. Lease expense for the copier and postage meter was \$4,835 and \$452, respectively, for the year ended September 30, 2019, included in repairs and maintenance expense, and is allocated between program and supporting services.

Future minimum payments required under the terms of the operating leases are as follows:

<u>Years ending September 30,</u>	<u>Copier</u>	<u>Postage</u>	<u>Total</u>
2020	\$ 4,738	\$ 452	\$ 5,190
2021	4,738	452	5,190
2022	4,738	339	5,077
2023	3,159	-	3,159
	<u>\$ 17,373</u>	<u>\$ 1,243</u>	<u>\$ 18,616</u>

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2019

NOTE 10 - NET ASSETS

Net assets without donor restrictions consisted of the following as of September 30, 2019:

Undesignated	\$ 649,253
Equity in property and equipment	313,231
	<u>\$ 962,484</u>

Net assets with donor restrictions consisted of the following as of September 30, 2019:

Specific purpose:	
Blind babies program	\$ 9,254
Childrens program	31,132
Transition teen	25,071
Total specific purpose	<u>65,457</u>
Perpetual:	
Endowment	402,104
	<u>\$ 467,561</u>

NOTE 11 - ENDOWMENT

The Organization has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As of September 30, 2019, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Organization in a manner consistent with the standard prudence prescribed by FUPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment fund: (a) the duration and preservation of the various funds, (b) the purposes of the Organization and the donor-restricted endowment funds, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the Organization, and (g) the Organization's investment policies.

The composition of endowment net assets and the changes in endowment net assets are as follows for the year ended September 30, 2019:

	With Donor Restrictions
Balance - October 1, 2018	\$ 337,600
Investment return, net	19,067
Contributions	64,504
Appropriation for expenditure	(19,067)
Balance - September 30, 2019	<u>\$ 402,104</u>

Read Independent Auditor's Report.

LIGHTHOUSE OF SOUTHWEST FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 11 - ENDOWMENT (Continued)

The endowment net assets with donor restrictions consist of a donor restricted endowment fund established to provide financial aid and support Organization operations. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Organization indefinitely and income from the fund is to be expended to support Organization operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has not adopted investment and spending policies for endowment assets. Endowment assets are invested in cash equivalents, mutual funds, pooled funds, equity securities, REITs, and Annuities.

NOTE 12 - 401(k) RETIREMENT BENEFIT

The Organization contributes to a 401(k) retirement benefit plan on behalf of employees who work more than 20 hours per week and who have completed three months of service. The Organization's contribution is a maximum of 3% for employees. The 401(k) retirement benefit plan contributions for the year ended September 30, 2019 were \$10,608, included in employee benefits and are allocated between program and supporting services.

NOTE 13 - ECONOMIC DEPENDENCY

During the year ended September 30, 2019, the Organization received approximately 48% and 17% of its revenue from Florida Division of Blind Services contracts and Lee County grants, respectively