

**MIAMI LIGHTHOUSE
FOR THE BLIND AND
VISUALLY IMPAIRED, INC.**

CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses – December 31, 2020.	5
Consolidated Statement of Functional Expenses – December 31, 2019.	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-24
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.	25
Schedule of State Financial Assistance.	26
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	27
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28-29
Independent Auditor’s Report on Compliance For Each Major Federal Program and Major State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, Rules of the Auditor General	30-32
Schedule of Findings and Questioned Costs – Federal Programs and State Financial Assistance Projects	33-35
Consolidating Statement of Financial Position.	36
Consolidating Statement of Activities.	37



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Miami Lighthouse for the Blind
and Visually Impaired, Inc.
Miami, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Miami Lighthouse for the Blind and Visually Impaired, Inc. (the "Lighthouse") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Lighthouse as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying consolidating statements of financial position and activities are also presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2021, on our consideration of the Lighthouse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lighthouse's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lighthouse's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 14, 2021

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (including restricted cash held in investment money funds of \$2,488,058 and \$742,870 and deferred revenues of \$516,782 and \$828,837 at December 31, 2020 and 2019, respectively)	\$ 4,649,954	\$ 3,546,774
Cash segregated for construction	7,674,484	753,178
Accounts receivable, net	478,688	739,096
Prepaid expenses and other assets	236,934	158,830
Contributions receivable, net, partially restricted	524,647	49,370
Beneficial interest in irrevocable trusts	242,553	204,513
Investment securities, partially restricted	29,448,341	23,432,622
Property and equipment, net	13,795,747	12,858,932
Note receivable - New Markets Tax Credit 2020	5,735,700	-
	<u>\$ 62,787,048</u>	<u>\$ 41,743,315</u>
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 605,564	\$ 599,809
Deferred revenues	516,782	828,837
Line of credit	2,492,000	-
Note payable	987,360	-
Notes payable - New Markets Tax Credit 2020, net	8,296,478	-
	<u>12,898,184</u>	<u>1,428,646</u>
TOTAL LIABILITIES		
Net assets:		
Without donor restrictions (including quasi endowment of \$10,084,657 and \$10,317,028 at December 31, 2020 and 2019, respectively)	25,490,543	25,376,641
With donor restrictions	24,398,321	14,938,028
	<u>49,888,864</u>	<u>40,314,669</u>
TOTAL NET ASSETS		
	<u>\$ 62,787,048</u>	<u>\$ 41,743,315</u>
TOTAL LIABILITIES AND NET ASSETS		

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

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT:						
Bequests, legacies and trust income	\$ 220,591	\$ -	\$ 220,591	\$ 731,198	\$ -	\$ 731,198
Contributions, net	2,294,761	9,403,068	11,697,829	2,285,211	7,232,976	9,518,187
Grant funding, including funds from Miami-Dade County	3,690,746	-	3,690,746	4,849,918	-	4,849,918
Investment income, net	1,140,671	1,739,168	2,879,839	1,825,717	1,564,307	3,390,024
Change in beneficial interest in irrevocable trusts	-	38,040	38,040	-	53,473	53,473
Other	507,663	-	507,663	518,557	-	518,557
Special event	-	239,247	239,247	-	298,970	298,970
Net assets released from restrictions: Satisfaction of program restrictions and transfer of restriction	1,959,230	(1,959,230)	-	977,272	(977,272)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	9,813,662	9,460,293	19,273,955	11,187,873	8,172,454	19,360,327
EXPENSES:						
Vision rehabilitation program	571,433	-	571,433	572,201	-	572,201
Alternative rehabilitation services	989,309	-	989,309	847,996	-	847,996
Transition services and vocational training program	1,111,488	-	1,111,488	1,148,027	-	1,148,027
Early intervention/Pre-K and Kindergarten	3,873,212	-	3,873,212	4,002,299	-	4,002,299
Heiken children's vision program	1,718,079	-	1,718,079	2,542,425	-	2,542,425
Administrative and general Development	759,219	-	759,219	860,363	-	860,363
	677,020	-	677,020	754,982	-	754,982
TOTAL EXPENSES	9,699,760	-	9,699,760	10,728,293	-	10,728,293
CHANGES IN NET ASSETS	113,902	9,460,293	9,574,195	459,580	8,172,454	8,632,034
NET ASSETS - BEGINNING OF YEAR	25,376,641	14,938,028	40,314,669	24,917,061	6,765,574	31,682,635
NET ASSETS - END OF YEAR	\$ 25,490,543	\$ 24,398,321	\$ 49,888,864	\$ 25,376,641	\$ 14,938,028	\$ 40,314,669

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

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services					Supporting Services		Total expenses
	Vision rehabilitation/ Independent living	Alternative rehabilitation services	Transition & vocational services	Early Intervention & Pre-K	Heiken children's vision services	Administrative and general	Development	
Payroll and related expenses	\$ 341,297	\$ 699,730	\$ 764,268	\$ 2,223,802	\$ 666,438	\$ 512,795	\$ 508,493	\$ 5,716,823
Office and program supplies	66,922	52,071	91,949	192,408	102,983	15,313	13,306	534,952
Occupancy	50,820	49,198	122,442	181,227	18,816	9,394	962	432,859
Transportation	30,473	9,495	15,734	90,126	48,333	1,349	380	195,890
Insurance	-	-	-	127,087	-	68,431	-	195,518
Professional fees and contract services	14,653	44,777	23,718	388,705	487,052	42,765	42,770	1,044,440
Public and community relations	34,023	65,114	20,549	132,422	62,206	11,370	93,109	418,793
Other	-	-	-	-	197,278	13,269	-	210,547
In-kind expense	22,371	52,280	55,190	165,402	70,734	-	-	365,977
TOTAL EXPENSES BEFORE DEPRECIATION	560,559	972,665	1,093,850	3,501,179	1,653,840	674,686	659,020	9,115,799
Depreciation of property and equipment	10,874	16,644	17,638	372,033	64,239	84,533	18,000	583,961
TOTAL EXPENSES	\$ 571,433	\$ 989,309	\$ 1,111,488	\$ 3,873,212	\$ 1,718,079	\$ 759,219	\$ 677,020	\$ 9,699,760

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

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services					Supporting Services		Total expenses
	Vision rehabilitation/ Independent living	Alternative rehabilitation services	Transition & vocational services	Early Intervention/ Pre-K & Kindergarten	Heiken children's vision services	Administrative and general	Development	
Payroll and related expenses	\$ 336,150	\$ 631,226	\$ 764,689	\$ 2,219,733	\$ 708,415	\$ 546,501	\$ 449,636	\$ 5,656,350
Office and program supplies	71,646	54,157	54,152	226,528	116,461	23,993	29,927	576,864
Occupancy	13,482	30,448	90,986	297,236	26,931	19,764	900	479,747
Transportation	77,798	25,331	139,791	98,368	111,619	4,172	5,367	462,446
Insurance	-	-	-	104,059	-	58,697	-	162,756
Professional fees and contract services	16,326	50,560	39,344	488,677	1,139,229	95,696	38,896	1,868,728
Public and community relations	19,495	11,640	6,421	78,520	62,096	7,871	212,256	398,299
Other	-	-	-	-	158,434	-	-	158,434
In-kind expense	24,162	26,616	31,379	93,539	137,774	-	-	313,470
TOTAL EXPENSES BEFORE DEPRECIATION	559,059	829,978	1,126,762	3,606,660	2,460,959	756,694	736,982	10,077,094
Depreciation of property and equipment	13,142	18,018	21,265	395,639	81,466	103,669	18,000	651,199
TOTAL EXPENSES	\$ 572,201	\$ 847,996	\$ 1,148,027	\$ 4,002,299	\$ 2,542,425	\$ 860,363	\$ 754,982	\$ 10,728,293

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

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 9,574,195	\$ 8,632,034
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	583,961	651,199
Change in beneficial interest in irrevocable trusts	(38,040)	(53,473)
Net gain on investments	(2,325,464)	(2,740,709)
(Increase) decrease in assets:		
Accounts receivable	260,408	(128,552)
Prepaid expenses and other assets	(78,104)	(8,104)
Contributions receivable, net	(475,277)	3,745
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	5,755	112,580
Direct services deferred revenues	(312,055)	(845,866)
TOTAL ADJUSTMENTS	(2,378,816)	(3,009,180)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,195,379	5,622,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,520,776)	(1,266,254)
Net proceeds from (purchase) sale of investment securities	(3,690,255)	(4,154,418)
NET CASH USED IN INVESTING ACTIVITIES	(5,211,031)	(5,420,672)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from New Market Tax Credit	2,560,778	-
Line of credit proceeds, net of repayments	2,492,000	-
Proceeds from note payable	987,360	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,040,138	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,024,486	202,182
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,299,952	4,097,770
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 12,324,438	\$ 4,299,952
DISPLAYED AS:		
Cash and cash equivalents	\$ 4,649,954	\$ 3,546,774
Cash segregated for construction	7,674,484	753,178
Total cash and cash equivalents	\$ 12,324,438	\$ 4,299,952

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

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Miami Lighthouse for the Blind and Visually Impaired, Inc. (the “Lighthouse”) is a nonprofit corporation established under the laws of the State of Florida. Through education, training, research and vision enhancement, Miami Lighthouse for the Blind and Visually Impaired, Inc. provides hope, confidence, and independence to people of all ages. Nineteen percent of Funding is provided by government contracts, and foundations, donor contributions, corporations, and other income fund the remaining 81%.

The consolidated financial statements of the Lighthouse include the following entities related through common control:

The Florida Heiken Children’s Vision Program, LLC was organized as a Florida limited liability company on September 9, 2010 to provide eye examinations and glasses when prescribed to under-served school children throughout Florida using standards and guidelines of the American Optometric Association (AOA). The accounts of this company are included and presented along with the Lighthouse on the accompanying supplemental consolidating statements of financial activities and operations.

The New Miami Lighthouse Learning Center, Inc. (“NML”) was incorporated in 2020 as a Florida not-for-profit corporation for the purpose of acquiring, developing and leasing grounds for charitable purposes. Furthermore, NML holds assets that have been transferred from the Lighthouse, as required due to the structure of the 2020 New Market Tax Credit (“NMTC”) transaction. As a result of this asset transfer, NML is included in the consolidated financial statements.

In 2020, the Lighthouse earned its thirteenth consecutive 4-star rating, the highest rating possible, from Charity Navigator for sound fiscal management and commitment to accountability and transparency thus ranking among the top 1% of the 9,000 nonprofits in the U.S. rated by this national evaluator.

In 2003, the national agenda for the education of children with visual impairments, including those with multiple disabilities, was revised and included a referral system to appropriate quality educational programs. Following the legislative call to action, Miami Lighthouse launched its Early Intervention Program for Blind Babies. The program is a home visitation program intended to support the needs of children with vision impairment from birth to five-years-old and their families who are mainly low income and from diverse geographic, economic, and ethnic backgrounds. The Lighthouse Learning Center for Children™ (changed to Miami Lighthouse Academy, LLC in 2021) is a Pre-Kindergarten for ages one through four. Kindergarten and First Grade launched in the 2020/21 academic year, and a 2nd grade is to be added the fall of 2021.

Vision rehabilitation, vocational rehabilitation and low vision services are provided to teenagers and adults from our state-of-the- art instructional classrooms and our computer laboratories. During 2020, the COVID-19 global health crisis shifted our on-site operations to remote learning for the majority of the year, in early October we welcomed clients back to our facility in limited numbers; nearly 9,000 program participants benefited from our programs. The Lighthouse annually transforms the lives of over 90,000 blind and visually impaired people, babies to seniors, and their families. Our innovative programming removes barriers to education, jobs and critical eye care and unlocks the power of the internet and technology. No one’s potential should be defined by ability, age, zip code, income, race or ethnicity.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Miami Lighthouse for the Blind and Visually Impaired, Inc. The Florida Heiken Children’s Vision Program, LLC, and The New Miami Lighthouse Learning Center, Inc., collectively known as the “Lighthouse”. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Subsequent Events

The Lighthouse has evaluated subsequent events through April 14, 2021, which is the date the financial statements were available to be issued.

Basis of Accounting and Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (“ASC”). Consequently, the Lighthouse’s resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restriction – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class.

Net assets with donor restriction – include those net assets whose use by the Lighthouse has been limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations. See Note 7.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at their net realizable value and consist of amounts due from various government agencies for reimbursable costs incurred and accrued and other third parties. The Lighthouse maintains allowances for doubtful accounts based on management’s assessment of collectability through a charge to earnings and a credit to a valuation allowance. The allowance for doubtful accounts totaled \$40,288 and \$30,165 as of December 31, 2020 and 2019, respectively.

Contributions Receivable, Net

Contributions receivable are accounted for at the present value of estimated future cash flows. During the year ended December 31, 2020 and 2019, a discount rate of 5% was used based on management’s estimate of its borrowing base during the fiscal year. The discounted future cash flows approximates fair value.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Split-Interest Agreements

The Lighthouse is the remainder beneficiary of various charitable remainder and charitable annuity trusts. Trust assets are stated at fair market value. Liabilities are determined using Internal Revenue Service actuarial assumptions, and discounted using the applicable federal rate in effect at the date of the gift.

A contribution is recorded at the time of the gift as the difference between the fair value of the assets received and the liabilities incurred in the exchange portion of the agreement for these irrevocable transfers of assets. The assets related to these trusts are separately identified in the accompanying statements of financial positions as “beneficial interest in irrevocable trusts” and are included as net assets with donor restrictions.

Investment Securities

The Lighthouse reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices.

Property and Equipment, Net

Property and equipment are stated at cost, or if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for property and equipment in excess of \$2,000 are capitalized.

Useful lives are as follows:

Buildings and improvements	20-39 years
Furniture and equipment	5-10 years
Automotive equipment	3 years

Revenue and Revenue Recognition

Contributions

The Lighthouse recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a 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 as revenue until the conditions on which they depend have been met.

Consequently, at December 31, 2020 and 2019, conditional contributions approximating \$516,000 and \$828,000, respectively, are included as deferred revenue in the accompanying statement of activities as they were received in advance of the Lighthouse meeting the condition(s) on which they depend for revenue recognition. Of the total conditional contributions at December 31, 2020, approximately \$516,000 depend on measurable performance or other barriers and a right of return.

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 transferred to net assets without donor restrictions. The Lighthouse accounts for donor-restricted contributions, for which the restrictions are met in the same reporting period as they are received, as net assets without donor restrictions.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (continued)

Grant funding

Grant funding is derived from cost-reimbursable federal, state or local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Lighthouse has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Lighthouse did not have refundable advances as of December 31, 2020.

Other income

A portion of the Lighthouse's revenue is derived from contracts with customers to transfer promised goods or services. The majority of these contracts do not contain variable consideration and contract modifications are generally minimal. Revenue is recognized as performance obligations are met. These arrangements generally consist of single performance obligations or obligations that are satisfied within one year or less. There were no significant contract receivables or liabilities as of December 31, 2020 and 2019.

Adopted Accounting Pronouncements

The Lighthouse has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, effective January 1, 2019, as amended as management believes the standard improves the usefulness and understandability of the Lighthouse's financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Lighthouse recognizes revenue, and therefore no changes to previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Lighthouse to concentrations of credit risk, consist primarily of cash and cash equivalents maintained in financial institutions in excess of the FDIC insured limit of \$250,000. Cash and cash equivalent balances exceeding the FDIC insured limit was approximately \$11,500,000 and \$4,000,000 as of December 31, 2020 and 2019, respectively. The Lighthouse has not experienced and does not expect to incur any losses in such accounts.

Cash Segregated for Construction

Cash segregated for construction includes amounts segregated by the Lighthouse for the construction of the classroom expansion project in connection with the New Market Tax Credit transaction, totaling \$7,197,984 at December 31, 2020. Cash segregated for construction also includes cash to fund interest and fees associated with the 2020 New Market Tax Credit transaction, totaling \$476,500 at December 31, 2020.

Management 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Lighthouse is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Lighthouse qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at December 31, 2020 and 2019, respectively. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Lighthouse is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2017.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

NOTE 2 – INVESTMENT SECURITIES

Fair value of investment securities at December 31, 2020 and 2019, are summarized as follows:

	<u>2020</u>	<u>2019</u>
Equity securities	\$ 15,715,340	\$ 13,172,324
Fixed income	13,281,476	9,668,329
Real estate funds	451,525	591,969
	<u>\$ 29,448,341</u>	<u>\$ 23,432,622</u>

The Lighthouse’s investment income, including income earned on cash deposits, consisted of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Net realized gains (losses)	\$ 543,574	\$ 261,942
Net unrealized gains (losses)	1,781,890	2,478,799
Interest and dividends, net	554,375	649,283
	<u>\$ 2,879,839</u>	<u>\$ 3,390,024</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of 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 unobservable inputs (Level 3 measurements).

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

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Lighthouse has the ability to access.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis

The asset's or liability's fair measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a depiction of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

The Equity Portfolio consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. Those investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Real Estate Investment Fund Portfolio invests in equity securities of real estate companies and real estate related companies. These investments are valued at the closing price reported in the active market in which the individual securities are traded. Certain of these funds are traded at net asset value, which approximates fair value.

The Commodities Investment Portfolio invests in commodity instruments backed by a portfolio of fixed-income securities. These investments are valued at their current market value determined on the basis of quotations. Certain of these funds are traded at net asset value, which approximates fair value.

Investments held in trust are recorded based on the quoted market prices for the underlying investments, less expected payouts to other beneficiaries over the life of the trust as discounted to present value. This value is considered to approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although The Lighthouse believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis (Continued)

The following table represents the Lighthouse’s financial instruments measured at fair value on a recurring basis at December 31, 2020 for each of the fair value hierarchy levels:

Description	12/31/2020	Fair Value Measurement at December 31, 2020		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Equity	\$ 15,715,340	\$ 15,715,340	\$ -	\$ -
Fixed income	13,281,476	13,281,476	-	-
Real estate funds	451,525	-	451,525	-
Total investment securities	29,448,341	28,996,816	451,525	-
Investment held in trust	209,513	209,513	-	-
	<u>\$ 29,657,854</u>	<u>\$ 29,206,329</u>	<u>\$ 451,525</u>	<u>\$ -</u>

The following table represents the Lighthouse’s financial instruments measured at fair value on a recurring basis at December 31, 2019 for each of the fair value hierarchy levels:

Description	12/31/2019	Fair Value Measurement at December 31, 2019		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Investment Securities:				
Equity	\$ 13,172,324	\$ 13,172,324	\$ -	\$ -
Fixed income	9,668,329	9,668,329	-	-
Real estate funds	591,969	-	591,969	-
Total investment securities	23,432,622	22,840,653	591,969	-
Investment held in trust	204,513	204,513	-	-
	<u>\$ 23,637,135</u>	<u>\$ 23,045,166</u>	<u>\$ 591,969</u>	<u>\$ -</u>

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

Items Measured at Fair Value on a Recurring Basis (Continued)

The fair value of contributions receivable is estimated by discounting the future cash flows using a discount rate applied to expected future cash flows from estimated collections. The following table represents the Lighthouse’s contributions receivable measured at fair value on a recurring basis at December 31, 2020 and 2019 for each of the fair value hierarchy levels:

Description	12/31/2020	Fair Value Measurement at December 31, 2020		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Contributions receivable, net	\$ 524,647	\$ -	\$ -	\$ 524,647

Description	12/31/2019	Fair Value Measurement at December 31, 2019		
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Contributions receivable, net	\$ 49,370	\$ -	\$ -	\$ 49,370

There were no financial liabilities measured at fair value on a recurring or non-recurring basis at December 31, 2020 and 2019.

The following summarizes the changes in value of the Level 3 assets for the year ended December 31, 2020 and 2019:

	Contributions receivable, net, at fair value	
	2020	2019
Beginning balance	\$ 49,370	\$ 51,524
Contributions	517,110	55,196
Contributions collected	(26,503)	(42,020)
Discount and allowance	(15,330)	(15,330)
Ending balance	\$ 524,647	\$ 49,370

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4 – GRANT FUNDING

The Lighthouse receives funding from the U.S. Department of Education passed through the State of Florida Division of Blind Services to provide rehabilitative services to visually impaired individuals. Funding is based on a budgeted formula. The contract under which funds are received may be terminated upon a 30-day written notice by either party and is subject to funds being available to the grantor.

The Lighthouse participates in a number of government-assisted grant programs which are subject to financial and compliance audits by the granting agency. The financial statements do not include any adjustments for disallowed costs which may result from audits performed by the granting agencies. Management believes that no material liability will result from any such audits.

NOTE 5 – CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable are expected to be realized as follows at December 31:

	<u>2020</u>	<u>2019</u>
2020	-	48,700
2021	18,305	6,000
2022	506,000	6,000
2023	1,000	1,000
2024	1,000	3,000
Thereafter	13,672	-
Total	<u>539,977</u>	<u>64,700</u>
Less present value discount	<u>(15,330)</u>	<u>(15,330)</u>
	<u>\$ 524,647</u>	<u>\$ 49,370</u>

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,337,510	\$ 1,333,609
Building and improvements	16,401,329	16,401,329
Construction in progress	1,858,157	371,678
Furniture and equipment	2,196,507	2,179,319
Automotive equipment	892,406	879,198
Total	<u>22,685,909</u>	<u>21,165,133</u>
Less accumulated depreciation	<u>(8,890,162)</u>	<u>(8,306,201)</u>
	<u>\$ 13,795,747</u>	<u>\$ 12,858,932</u>

Total depreciation expense for the years ended December 31, 2020 and 2019 was \$583,961 and \$651,199, respectively.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 – PROPERTY AND EQUIPMENT, NET (Continued)

Construction in progress represents architectural, design and other pre-construction costs in connection with the Lighthouse’s capital campaign project for the expansion of the Miami Lighthouse Learning Center for Children™, which in 2021 is referred to as Miami Lighthouse Academy, LLC. In October 2019, a matching challenge of \$4.5 million was announced to raise a total of \$9 Million in order to construct classrooms and therapy rooms for early learners. In the fourth quarter of 2019, the Lighthouse engaged the firm Wolfberg Alvarez & Partners for design and Miller Construction for pre-construction planning with the architects and the City of Miami. Additionally, an adjacent property was purchased to relocate the playground. During the year ended December 31, 2020, the Lighthouse entered into a New Market Tax Credit Transaction to provide supplemental funding for the classroom expansion project. Refer to Note 13. In total, approximately \$8.9 million has been raised towards the \$9 million capital campaign for this classroom expansion project, a portion of which is to be received in subsequent years. Occupancy is planned for the fall semester of 2021-2022.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of assets which have been restricted by the donor either as to the purpose or the passage of time. They also include net assets that are restricted to investment in perpetuity, the income of which is expendable to support the Lighthouse’s programs.

Net assets with donor restrictions consist of the following at December 31:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Donor restricted endowment funds		
- Children's Fund (original gift \$1,126,290)	\$ 1,784,461	\$ 1,657,805
Donor restricted for the Learning Center		
Sustainability Matching Challenge	2,380,110	1,437,263
Donor restricted for the Learning Center		
Light the Way Matching Challenge	3,766,657	1,593,650
Donor restricted investment fund restricted to the		
Lighthouse Learning Center for Children	16,224,539	10,044,797
Beneficial interest in irrevocable trusts	242,554	204,513
	<u>\$ 24,398,321</u>	<u>\$ 14,938,028</u>

Net assets with donor restrictions are held as follows at December 31:

	<u>2020</u>	<u>2019</u>
Cash and short term investments		
(included in cash & cash equivalents)	\$ 2,488,058	\$ 1,298,346
Contributions receivable, net	500,000	-
Investments	18,890,510	12,396,995
Beneficial interest in irrevocable trusts	242,554	204,513
Construction in progress	1,610,703	371,678
Land	666,496	666,496
	<u>\$ 24,398,321</u>	<u>\$ 14,938,028</u>

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – ENDOWMENTS

The Lighthouse’s endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Although these board-designated funds are included in net assets without donor restrictions, management and the board of directors segregated these funds so that the principal is designated not to be expended without board approval. 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.

Interpretation of Relevant Law

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Lighthouse has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Lighthouse considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Lighthouse has a policy to not spend from deficient endowments unless directed otherwise by the donor.

In accordance with the FUPMIFA, the Lighthouse considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Lighthouse and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Lighthouse
- (7) The investment policies of the Lighthouse

For the years ended December 31, 2020 and 2019, the Lighthouse has elected not to add appreciation for cost of living or other spending policies to its endowments that are donor restricted in perpetuity for inflation and other economic conditions.

Summary of Endowment Assets:

Endowment assets are invested as follows at December 31:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Equity securities	\$ 15,225,875	\$ 12,699,028
Fixed income	12,868,547	9,318,367
Real estate funds	437,457	570,581
Cash and short term investments (included in cash & cash equivalents)	2,931,346	1,424,393
	<u>\$ 31,463,225</u>	<u>\$ 24,012,369</u>

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – ENDOWMENTS (Continued)

Summary of Endowment Assets at December 31, 2020:

	Without donor restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Endowment corpus restricted in perpetuity	Total with donor restrictions	
Donor-restricted endowment funds - Children's Fund	\$ -	\$ 658,172	\$ 1,126,290	\$ 1,784,462	\$ 1,784,462
Donor-restricted endowment funds - Learning Center Match	-	3,369,567	-	3,369,567	3,369,567
Donor-restricted endowment funds - Lighthouse Learning Center	-	16,224,539	-	16,224,539	16,224,539
Board-designated endowment funds	10,084,657	-	-	-	10,084,657
Total endowment net assets	<u>\$ 10,084,657</u>	<u>\$ 20,252,278</u>	<u>\$ 1,126,290</u>	<u>\$ 21,378,568</u>	<u>\$ 31,463,225</u>

Summary of Endowment Assets at December 31, 2019:

	Without donor restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Endowment corpus restricted in perpetuity	Total with donor restrictions	
Donor-restricted endowment funds - Children's Fund	\$ -	\$ 531,515	\$ 1,126,290	\$ 1,657,805	\$ 1,657,805
Donor-restricted endowment funds - Learning Center Match	-	1,992,739	-	1,992,739	1,992,739
Donor-restricted endowment funds - Lighthouse Learning Center	-	10,044,797	-	10,044,797	10,044,797
Board-designated endowment funds	10,317,028	-	-	-	10,317,028
Total endowment net assets	<u>\$ 10,317,028</u>	<u>\$ 12,569,051</u>	<u>\$ 1,126,290</u>	<u>\$ 13,695,341</u>	<u>\$ 24,012,369</u>

Changes in endowment net assets as of December 31, 2020:

	Without donor restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Endowment corpus restricted in perpetuity	Total with donor restrictions	
Endowment net assets, beginning	\$ 10,317,028	\$ 12,569,051	\$ 1,126,290	13,695,341	\$ 24,012,369
Investment change, net of fees	954,043	1,739,168	-	1,739,168	2,693,211
Contributions	415,590	8,903,068	-	8,903,068	9,318,658
Disbursements	(1,602,004)	(2,959,009)	-	(2,959,009)	(4,561,013)
Total endowment net assets	<u>\$ 10,084,657</u>	<u>\$ 20,252,278</u>	<u>\$ 1,126,290</u>	<u>\$ 21,378,568</u>	<u>\$ 31,463,225</u>

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – ENDOWMENTS (Continued)

Changes in endowment net assets as of December 31, 2019:

	Without donor restrictions	With donor restrictions			Total funds
		Accumulated gains (losses) and other	Endowment corpus restricted in perpetuity	Total with donor restrictions	
Endowment net assets, beginning	\$ 9,439,425	\$ 5,343,244	\$ 1,126,290	\$ 6,469,534	\$ 15,908,959
Investment change	1,605,788	1,564,307	-	1,564,307	3,170,095
Contributions	740,645	7,232,976	-	7,232,976	7,973,621
Disbursements	(1,468,830)	(1,571,476)	-	(1,571,476)	(3,040,306)
Total endowment net assets	<u>\$ 10,317,028</u>	<u>\$ 12,569,051</u>	<u>\$ 1,126,290</u>	<u>\$ 13,695,341</u>	<u>\$ 24,012,369</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Lighthouse to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles in the United States of America, there were no deficiencies of this nature as of December 31, 2020 and 2019, respectively.

Return Objectives and Risk Parameters

The Lighthouse has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Lighthouse must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Lighthouse expects its endowment funds, over time, to provide a rate of return of in excess of the original gift amount restricted in perpetuity. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Lighthouse has a policy of appropriating distributions each year up to 5 percent of its endowment fund's average fair value, while maintaining donor restricted endowment funds at the level they are required to be maintained. Any distributions in excess of 5 percent require two-thirds vote approval from the Board of Directors as part of the budget process. In establishing this policy, the Lighthouse considered the long-term expected return on its endowment. Accordingly, over the long term, the Lighthouse expects the current spending policy to allow its endowment to grow.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 – BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS

At December 31, 2020 and 2019, the discounted net present value of the beneficial interest in irrevocable trusts totaled \$209,513 and \$204,513, respectively. The components of the irrevocable trusts are as follows:

Prior to January 1, 2004, the Lighthouse became aware that it was named in two irrevocable trusts as a 50% remainder beneficiary. The trusts were set up to pay income from the trust to its lifetime beneficiaries until they pass away. Upon death of the lifetime beneficiaries, the Lighthouse will receive the remaining principal and accumulated interest remaining in the trusts. As of December 31, 2019, the beneficiary of one of these trust was deceased and the Lighthouse received the remaining principal and accumulated interest as stated under their agreement. The trust remaining as of December 31, 2020 holds investments including fixed income and equities. At December 31, 2020 and 2019, the Lighthouse’s beneficial interest in these irrevocable trusts totaled \$242,553 and \$204,513, respectively.

NOTE 10 – LINE OF CREDIT ARRANGEMENT

In December 2019, the Lighthouse entered into a loan agreement with a financial institution in connection with their application for funding under the New Market Tax Credit Program. The agreement is a variable rate non-disclosable revolving line of credit for \$9,000,000, which matures and is renewable on February 26, 2022. The specific purpose of this loan is to provide supplemental funds to complete construction of the expansion of the Lighthouse Learning Center for Children on the existing campus pending collection of donor funds and gifts. As of December 31, 2019, no proceeds had been disbursed. The outstanding balance as of December 31, 2020 was \$2,492,000. Interest expense for the year ended December 31, 2020 totaled \$8,003 and is included in general and administrative expenses in the consolidated statement of activities. Refer to Note 13 for additional information relating to the New Market Tax Credit.

NOTE 11 – NOTE PAYABLE – PAYROLL PROTECTION PROGRAM

In April 2020, the Lighthouse received loan proceeds of \$987,360 from a financial institution through the Small Business Administration Paycheck Protection Program (“PPP”). The loan proceeds are to be used for payroll, rent, utilities and interest expense. The loan matures on April 22, 2022 and bears annual interest at 1%. The loan is payable monthly with a deferral of payments for the first twelve months. The entire principal balances and accrued interest are forgivable in whole or in part in accordance with the Coronavirus Aid, Relief and Economic Security (“CARES”) Act. Pursuant to the terms of the CARES Act and any implementing rules and regulations, the Lighthouse may apply for the loan to be forgiven in whole or in part. Any loan balance remaining following forgiveness will be fully amortized over the remaining term of the loan. As of December 31, 2020, the balance outstanding was \$987,360. The Lighthouse is in the process of applying for forgiveness for the outstanding balance, however, no amounts have been forgiven as of the date of these financial statements.

NOTE 12 – COMMITMENTS

Employment Agreement

During the year ended December 31, 2008, the Lighthouse entered into an employment agreement with its Chief Executive Officer. The agreement is in effect through May 31, 2022. This agreement includes an agreed-upon salary package. The contract includes a 60 day cancellation clause, which requires the Lighthouse to fulfill the contract in the event of termination.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION (Continued)

On November 6, 2020, the Miami Lighthouse for the Blind and Visually Impaired, Inc. (“Lighthouse”) and The New Miami Lighthouse Learning Center (“NML”) entered into a New Market Tax Credit transaction (the “NMTC 2020 Transaction”) with The Northern Trust Company (“TNT”) and its affiliate TNT-ML NMTC Fund, LLC (“TNT-ML”), and ENMP 86 LP (“ENMP”) and its affiliate ESIC New Markets Partners Limited Partnership. The purpose of the transaction is to provide supplemental financing for the ongoing construction project of the classroom expansion of the Miami Lighthouse Learning Center for Children™, which in 2021 is referred to as Miami Lighthouse Academy.

The NMTC 2020 Transaction is composed of several sub-transactions, as described below:

Line of Credit: In connection with the NMTC 2020 Transaction, The Lighthouse obtained a revolving line of credit for \$9,000,000 from TNT, secured by two of the Lighthouse’s unrestricted deposit accounts with financial institutions. The amount outstanding as of December 31, 2020 totaling \$2,492,000. See Note 10.

Leverage Loan: Under the NMTC 2020 Transaction, the Lighthouse loaned \$5,735,700 (“Leverage Loan”) to TNT-ML, an affiliate of TNT. The proceeds of this Leverage Loan were used by TNT-ML towards making a Qualified Equity Investment into ENMP, another sub-component of the NMTC transaction. The Leverage Loan bears an interest rate of 1.512%, matures December 31, 2047, and is secured by certain assets in favor of the Leverage Lender. The Leverage Loan is recorded in the Lighthouse’s consolidated statement of financial position as Note Receivable – New Market Tax Credit 2020. During the fiscal year, the Lighthouse recorded \$13,249 of interest income under this loan, included in other revenues in the Lighthouse’s consolidated statement of activities.

Qualified Low-Income Community Investment (“QLICI Loan”): Under the NMTC 2020 Transaction, NML obtained a QLICI Loan from ENMP for \$8,685,000, secured by two separate notes for \$5,735,700 and \$2,949,300, both bearing an interest rate of 1.0% and maturing in December 31, 2054. Proceeds of this loan are to be used to fund an expense and interest reserve account, reimburse certain expenses incurred by the Lighthouse in connection with the construction and establish a construction deposit account to be disbursed to NML in order to finance NML’s construction of the expansion of the Miami Lighthouse Learning Center for Children™. The QLICI Loan of \$8,685,000 is recorded in the Lighthouse's consolidated statement of financial position at December 31, 2020 as Notes payable - New Market Tax Credits 2020, net of unamortized loan costs of \$386,522. During the fiscal year, the Lighthouse recorded \$13,269 of interest expense under this loan, which is included in administrative and general expenses in the Lighthouse’s consolidated statement of activities.

Reimbursement and Contribution Agreement: In the fiscal year ended December 31, 2020, NML paid \$45,425 to the Lighthouse in exchange for ownership of the Miami Lighthouse Learning Center for Children™. In previous years and through the date of the Reimbursement and Contribution Agreement (November 6, 2020), the Lighthouse’s previously incurred costs for the construction were \$1,671,723, with the differential of \$1,626,298 recorded as a contribution from the Lighthouse to NML, and was included as a contribution to affiliate in the consolidating statement of activities of Lighthouse and NML, and was eliminated in consolidation. Therefore, no gain or loss on this transaction occurred at the consolidated level.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION (Continued)

Lease Agreement: By virtue of the Reimbursement and Contribution Agreement, NML became the landlord of the Lighthouse, which will continue to operate its programs at the campus that is being expanded. The Lease Agreement sets forth rent payments from Lighthouse to NML beginning December 1, 2020. Rent payments started accruing on that date, and will become payable each at the following rates: \$10,000 on December 1, 2020, \$33,000 on December 1, 2021, \$102,000 per year from January 1, 2022 through December 31, 2026, \$112,000 per year from January 1, 2027 through December 31, 2027, and \$446,000 per year from January 1, 2028 through December 31, 2045. As of December 31, 2020, there were \$10,000 of accrued rent payable and receivable, included in due from/to related entities in the consolidating statement of financial position. All rental activity is eliminated in consolidation and is therefore not reflected at the consolidated financial statement level.

Put/Call Option Agreements, Call Option Agreements, and put option provisions embedded in Leverage Loans documents (the "Put/Call Options"): The NMTC 2020 Transaction legal documents include Put/Call Options between the Lighthouse and owners of TNT-ML and ENMP. If these Put/Call Options are exercised at the 7th year anniversary of the NMTC 2020 Transaction, Leverage lender can become the controlling owner of certain other parties to the deal. At this point the Leverage Lender would gain control of all outstanding loans payable and receivable under the NMTC 2020 Transaction, there would be no residual amounts due to or from any external third parties and the Lighthouse would record a net gain associated with the dissolution of the leverage Loans receivable and the QLICI loans payable after unamortized loan costs. These Put/Calls do not represent embedded derivatives and, accordingly, they have not been accounted for as derivative Instruments in the Lighthouse's consolidated financial statements.

NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Lighthouse monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. The Lighthouse has the following financial assets that could be made readily available within one year of December 31, 2020 and 2019 to fund expenses without limitations, such as donor-imposed or contractual restrictions or internal designations:

	2020	2019
Cash and cash equivalents	\$ 12,324,438	\$ 4,299,952
Accounts and interest receivable	478,688	739,096
Investment securities	29,448,341	23,432,622
	<u>\$ 42,251,467</u>	<u>\$ 28,471,670</u>
Less those unavailable for general expenditure within one year due to:		
Donor restricted endowment funds	(21,378,568)	(13,695,341)
Board designated endowment funds	(10,084,657)	(10,317,028)
Board designated cash for NMTC and construction	(7,674,484)	(192,702)
Deferred revenue- conditional contributions	(516,782)	(828,837)
	<u>(39,654,491)</u>	<u>(25,033,908)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,596,976</u>	<u>\$ 3,437,762</u>

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15 – OTHER MATTERS

On January 21, 2020, the Centers for Disease Control and Prevention (CDC) confirmed the first case of 2019 Novel Coronavirus (COVID-19). The effect of the COVID-19 virus has been felt worldwide and has continued to cause economic disruption. At this time, it is not possible to predict if the Lighthouse will be affected by significant financial market fluctuations or operational, funding and contribution delays as a result of the ongoing pandemic. The Lighthouse has not experienced a significant impact or losses as of the date of these financial statements.

SUPPLEMENTARY INFORMATION

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal agency/Federal Program/Pass Through Agency	CFDA Number	Grant Award Number	Expenditure
FEDERAL AGENCIES			
U.S. Department of Education			
Vocational Rehabilitation and Transition Services program:			
Passed-through Office of Special Education and Rehabilitative Services	84.126	18-543 (FY20)	395,600
Passed-through Office of Special Education and Rehabilitative Services	84.126	18-543 (FY21)	<u>511,280</u>
Program Total			<u>906,880</u>
Adult Education - Basic Grants to States program:			
Passed-through Miami Dade County Public Schools	84.002A	FY20	21,939
U.S. Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities program:			
Passed through Office of Federal Transit Administration (FTA)	20.513	G1413	66,745
U.S. Department of Agriculture			
Child and Adult Care Food program:			
Passed through Florida Department of Health	10.558	I-5136	<u>15,099</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 1,010,663</u></u>

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

Grantor/Program Title	CSFA Number	Grant Award Number	Expenditure
STATE FINANCIAL ASSISTANCE			
Florida Department of Education			
Community Rehabilitation Program:			
Independent Living Adult Program (IL-AP)	48.044	20-576 (FY20)	33,600
Independent Living Adult Program (IL-AP)	48.044	20-576 (FY21)	33,600
Social Group Activities Program	48.044	20-583 (FY20)	75,000
Social Group Activities Program	48.044	20-583 (FY21)	72,000
Independent Living Older Blind (IL-OB)	48.044	20-529 (FY20)	141,750
Independent Living Older Blind (IL-OB)	48.044	20-529 (FY21)	141,750
Total Community Rehabilitation Program			497,700
Blind Babies Program:			
Division of Blind Services	48.062	20-508 (FY20)	165,000
Division of Blind Services	48.062	20-508 (FY21)	172,500
Total Blind Babies Program			337,500
Florida Department of Health			
Public School Vision Program:			
Community Public Health (Heiken)	64.047	COHN1 (FY20)	63,651
Community Public Health (Heiken)	64.047	COHN1 (FY21)	191,181
Total Public School Vision Program			254,832
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,090,032

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE A – BASIS OF PRESENTATION

The Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedules”) represent all of the Federal and State awards to the Lighthouse during the year ended December 31, 2020.

The information in the schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedules present only a selected portion of the operation of the Lighthouse, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Lighthouse.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Lighthouse has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To Board of Directors
Miami Lighthouse for the Blind
and Visually Impaired, Inc.
Miami, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Miami Lighthouse for the Blind and Visually Impaired, Inc. (the "Lighthouse"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lighthouse's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lighthouse's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lighthouse's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lighthouse's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lighthouse's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lighthouse's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 14, 2021



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650
RULES OF THE AUDITOR GENERAL

The Board of Directors
Miami Lighthouse for the Blind
and Visually Impaired, Inc.
Miami, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Miami Lighthouse for the Blind and Visually Impaired, Inc.’s (the “Lighthouse”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services’ State Projects Compliance Supplement*, that could have a direct and material effect on each of the Lighthouse’s major federal programs and state projects for the year ended December 31, 2020. The Lighthouse’s major federal programs and state projects are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Lighthouse’s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Lighthouse’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Lighthouse's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Lighthouse complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Lighthouse is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lighthouse's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lighthouse's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Verdyg, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 14, 2021

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(cies) identified? yes none reported

Noncompliance material to financial statements noted?
 yes no

Federal Awards

Type of auditor's report issued on compliance for major programs: *Unmodified*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?
 yes no

Identification of major programs:

Federal Program	CFDA Number	Expenditures
Vocational Rehabilitation and Transition Services	84.126	\$ 906,880

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AND STATE FINANCIAL ASSISTANCE PROJECTS**

None

SECTION IV – OTHER ISSUES

1. A separate management letter was issued date April 14, 2021.
2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to the financial statements for the year ended December 31, 2020.
3. A Corrective Action Plan is not required because there were no findings required to be reported under Federal or Florida Single Audit Acts.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Miami Lighthouse for the Blind and Visually Impaired, Inc.	The New Miami Lighthouse Learning Center, Inc.	Inter-company Eliminations	Consolidated Total
ASSETS				
Cash and cash equivalents (including restricted cash held in investment money funds of \$2,488,058 and deferred revenues of \$516,782)	\$ 4,649,954	\$ -	\$ -	\$ 4,649,954
Cash segregated for construction	191,030	7,483,454	-	7,674,484
Accounts receivable, net	478,688	-	-	478,688
Prepaid expenses and other assets	236,934	-	-	236,934
Contributions receivable, net	524,647	-	-	524,647
Due from related entities	2,927,088	-	(2,927,088)	-
Beneficial interest in irrevocable trusts	242,553	-	-	242,553
Investment securities, partially restricted	29,448,341	-	-	29,448,341
Property and equipment, net	11,518,548	2,277,199	-	13,795,747
Note receivable - New Markets Tax Credit 2015	5,735,700	-	-	5,735,700
TOTAL ASSETS	55,953,483	9,760,653	(2,927,088)	62,787,048
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 605,564	\$ -	\$ -	\$ 605,564
Deferred revenues	516,782	-	-	516,782
Line of credit	2,492,000	-	-	2,492,000
Note payable	987,360	-	-	987,360
Due to related entities	-	2,927,088	(2,927,088)	-
Notes payable - New Markets Tax Credit 2020, net	-	8,296,478	-	8,296,478
TOTAL LIABILITIES	4,601,706	11,223,566	(2,927,088)	12,898,184
NET ASSETS				
Without donor restrictions (including quasi endowment of \$10,084,657)	26,953,456	(1,462,913)	-	25,490,543
With donor restrictions	24,398,321	-	-	24,398,321
TOTAL NET ASSETS, CONSOLIDATING ENTITY	51,351,777	(1,462,913)	-	49,888,864
TOTAL LIABILITIES AND NET ASSETS	\$ 55,953,483	\$ 9,760,653	\$ (2,927,088)	\$ 62,787,048

Refer to Independent Auditor's report.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
DECEMBER 31, 2020

	Miami Lighthouse for the Blind and Visually Impaired, Inc.	The New Miami Lighthouse Learning Center, Inc.	Inter-company Eliminations	Consolidated Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT:				
Bequests, legacies and trust income	\$ 220,591	\$ -	\$ -	\$ 220,591
Contributions, net	11,697,829	1,626,298	(1,626,298)	11,697,829
Grant funding, including funds from Miami-Dade County	3,690,746	-	-	3,690,746
Investment income, net	2,879,839	-	-	2,879,839
Change in beneficial interest in irrevocable trust	38,040	-	-	38,040
Other	3,586,730	10,000	(3,089,067)	507,663
Special event	239,247	-	-	239,247
TOTAL REVENUE, GAINS (LOSSES), AND OTHER SUPPORT	22,353,022	1,636,298	(4,715,365)	19,273,955
EXPENSES:				
Vision rehabilitation program	\$ 571,433	\$ -	\$ -	\$ 571,433
Alternative rehabilitation services	989,309	-	-	989,309
Transition services and vocational training program	1,111,488	-	-	1,111,488
Early intervention/Pre-K and Kindergarten	3,873,212	-	-	3,873,212
Heiken children's vision program	1,718,079	-	-	1,718,079
Administrative and general	749,075	20,144	(10,000)	759,219
Development	677,020	-	-	677,020
Donated assets	1,626,298	-	(1,626,298)	-
Intercompany expense	-	3,079,067	(3,079,067)	-
TOTAL EXPENSES	11,315,914	3,099,211	(4,715,365)	9,699,760
CONSOLIDATING CHANGE IN NET ASSETS	11,037,108	(1,462,913)	-	9,574,195
NET ASSETS - BEGINNING OF YEAR	40,314,669	-	-	40,314,669
NET ASSETS - END OF YEAR	<u>\$ 51,351,777</u>	<u>\$ (1,462,913)</u>	<u>\$ -</u>	<u>\$ 49,888,864</u>

Refer to Independent Auditor's report.