

**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, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

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, 2021 and 1899, 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.

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, 2021 and 2020, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Supplementary 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* 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 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 financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022 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 13, 2022

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents (including restricted cash held in investment money funds of \$1,111,977 and \$2,488,058 and deferred revenues of \$1,882,085 and \$516,782 at December 31, 2021 and 2020, respectively)	\$ 3,684,321	\$ 4,649,954
Cash segregated for construction	1,525,946	7,674,484
Accounts receivable, net	695,875	478,688
Prepaid expenses and other assets	222,982	236,934
Contributions receivable, net, partially restricted	852,422	524,647
Beneficial interest in irrevocable trusts	279,761	242,553
Investment securities, partially restricted	37,831,922	29,448,341
Property and equipment, net	21,305,249	13,795,747
Note receivable - New Markets Tax Credit 2020	<u>5,735,700</u>	<u>5,735,700</u>
TOTAL ASSETS	<u>\$ 72,134,178</u>	<u>\$ 62,787,048</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 556,564	\$ 605,564
Deferred revenues	1,882,085	516,782
Line of credit	-	2,492,000
Note payable	1,500,000	987,360
Notes payable - New Markets Tax Credit 2020, net	<u>8,322,378</u>	<u>8,296,478</u>
TOTAL LIABILITIES	12,261,027	12,898,184
Net assets:		
Without donor restrictions (including quasi endowment of \$10,087,284 and \$10,084,657 at December 31, 2021 and 2020, respectively)	25,624,709	25,490,543
With donor restrictions	<u>34,248,442</u>	<u>24,398,321</u>
TOTAL NET ASSETS	<u>59,873,151</u>	<u>49,888,864</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 72,134,178</u>	<u>\$ 62,787,048</u>

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, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT:						
Bequests, legacies and trust income	\$ 450,399	-	\$ 450,399	\$ 220,591	\$ -	\$ 220,591
Contributions, net	2,028,985	8,611,690	10,640,675	2,294,761	9,403,068	11,697,829
Grant funding, including funds from Miami-Dade County	4,987,665	-	4,987,665	3,690,746	-	3,690,746
Investment income, net	1,083,160	2,155,121	3,238,281	1,140,671	1,739,168	2,879,839
Change in beneficial interest in irrevocable trusts	-	37,208	37,208	-	38,040	38,040
Gain on forgiveness of Paycheck Protection Program loan	987,360	-	987,360	-	-	-
Other revenues	776,222	-	776,222	507,663	-	507,663
Special event	-	129,695	129,695	-	239,247	239,247
Net assets released from restrictions:						
Satisfaction of program restrictions and transfer of restriction	1,083,593	(1,083,593)	-	1,959,230	(1,959,230)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	11,397,384	9,850,121	21,247,505	9,813,662	9,460,293	19,273,955
EXPENSES:						
Vision rehabilitation program	552,751	-	552,751	571,433	-	571,433
Alternative rehabilitation services	984,488	-	984,488	989,309	-	989,309
Transition services and vocational training program	1,275,211	-	1,275,211	1,111,488	-	1,111,488
Early intervention/Pre-K through 2nd grade	4,223,387	-	4,223,387	3,873,212	-	3,873,212
Heiken children's vision program	2,531,159	-	2,531,159	1,718,079	-	1,718,079
Administrative and general	908,346	-	908,346	759,219	-	759,219
Development	787,876	-	787,876	677,020	-	677,020
TOTAL EXPENSES	11,263,218	-	11,263,218	9,699,760	-	9,699,760
CHANGES IN NET ASSETS	134,166	9,850,121	9,984,287	113,902	9,460,293	9,574,195
NET ASSETS - BEGINNING OF YEAR	25,490,543	24,398,321	49,888,864	25,376,641	14,938,028	40,314,669
NET ASSETS - END OF YEAR	\$ 25,624,709	\$ 34,248,442	\$ 59,873,151	\$ 25,490,543	\$ 24,398,321	\$ 49,888,864

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, 2021

	Program Services					Supporting Services		Total expenses
	Vision rehabilitation/ Independent living	Alternative rehabilitation services	Transition & vocational services	Early Intervention/ Pre-K through 2nd grade	Heiken children's vision services	Administrative and general	Development	
Payroll and related expenses	\$ 302,249	\$ 724,681	\$ 879,116	\$ 2,231,909	\$ 807,916	\$ 564,654	\$ 547,376	\$ 6,057,901
Office and program supplies	19,002	77,601	96,745	289,572	166,736	19,797	28,673	698,126
Occupancy	83,736	52,332	161,258	256,271	35,498	38,157	6,002	633,254
Transportation	36,485	9,262	54,997	158,162	62,476	1,408	808	323,598
Insurance	-	-	-	154,715	-	72,975	-	227,690
Professional fees and contract services	8,378	30,098	31,391	598,484	1,006,903	72,076	70,539	1,817,869
Public and community relations	29,127	54,503	8,800	111,959	60,461	13,825	114,478	393,153
Other	-	-	-	-	248,843	25,900	-	274,743
In-kind expense	63,889	18,801	22,400	58,247	96,523	-	-	259,860
TOTAL EXPENSES BEFORE DEPRECIATION	542,866	967,278	1,254,707	3,859,319	2,485,356	808,792	767,876	10,686,194
Depreciation of property and equipment	9,885	17,210	20,504	364,068	45,803	99,554	20,000	577,024
TOTAL EXPENSES	\$ 552,751	\$ 984,488	\$ 1,275,211	\$ 4,223,387	\$ 2,531,159	\$ 908,346	\$ 787,876	\$ 11,263,218

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 through 2nd grade	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 financial statements.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 9,984,287	\$ 9,574,195
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	577,024	583,961
Amortization of debt issuance costs	25,900	-
Gain on forgiveness of Paycheck Protection Program loan	(987,360)	-
Gain on sale of assets	(68,738)	-
Change in beneficial interest in irrevocable trusts	(37,208)	(38,040)
Change in discount on contributions receivable	61,549	-
Net gain on investments	(2,541,456)	(2,325,464)
(Increase) decrease in assets:		
Accounts receivable	(217,187)	260,408
Prepaid expenses and other assets	13,952	(78,104)
Contributions receivable, net	(389,324)	(475,277)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(49,000)	5,755
Direct services deferred revenues	1,365,303	(312,055)
TOTAL ADJUSTMENTS	(2,246,545)	(2,378,816)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,737,742	7,195,379
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	129,045	-
Purchase of property and equipment	(8,146,833)	(1,520,776)
Net proceeds from (purchase) sale of investment securities	(5,842,125)	(3,690,255)
NET CASH USED IN INVESTING ACTIVITIES	(13,859,913)	(5,211,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from New Market Tax Credit	-	2,560,778
Payments on line of credit	(2,492,000)	2,492,000
Proceeds from note payable	1,500,000	987,360
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(992,000)	6,040,138
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,114,171)	8,024,486
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	12,324,438	4,299,952
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,210,267	\$ 12,324,438
DISPLAYED AS:		
Cash and cash equivalents	\$ 3,684,321	\$ 4,649,954
Cash segregated for construction	1,525,946	7,674,484
Total cash and cash equivalents	<u>\$ 5,210,267</u>	<u>\$ 12,324,438</u>

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, 2021 AND 2020

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. Twenty-three percent of funding is provided by government contracts, and foundations, donor contributions, corporations, and other income fund the remaining 77%.

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 2021, a separate LLC was created, *Miami Lighthouse Academy, LLC*, which is a Pre-school, Pre-Kindergarten and early elementary school for early learners ages one through seven. This separate entity covers the salary and fringe benefits, including a separate 401K plan for approximately 12 Florida licensed teachers, 12 teacher assistants, and 3 administrators. Operating expenses and insurance are also covered under this separate entity. The accounts of this company are included and presented along with the Lighthouse on the accompanying supplemental consolidating statements of financial activities and operations.

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. The new Encompass Beacons recently introduced by Charity Navigator for leadership and adaptability resulted in a score of 100 out of 100 for each parameter.

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 ChildrenTM (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 Second Grade was added in the fall of 2021.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Organization (Continued)

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 2021, the COVID-19 global health crisis continued, however, many clients and students were back to on-campus learning; more than 10,000 program enrollees participated in our programs. When considering our impact on families, nearly 75,000 people were impacted by our program outcomes. 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.

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, The New Miami Lighthouse Learning Center, Inc. and the Miami Lighthouse Learning Academy, LLC, 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 13, 2022, 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 \$55,231 and \$40,288 as of December 31, 2021 and 2020, respectively.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable, Net

Contributions receivable are accounted for at the present value of estimated future cash flows. During the years ended December 31, 2021 and 2020, 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. See Note 4.

Split-Interest Agreements

The Lighthouse is the remainder beneficiary of various charitable remainder and charitable annuity trusts. Trust assets are valued at fair value using the quoted market prices of the underlying securities and discounted when appropriate. If a quoted market price is not available, fair value is determined using the net present value of future distributions the University expects to receive over the term of the agreements.

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. Investments measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy. See Note 3.

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, 2021 and 2020, conditional contributions approximating \$1,882,000 and \$517,000, respectively, are included as deferred revenue in the accompanying statements of financial position as they were received in advance of the Lighthouse meeting the condition(s) on which they depend for revenue recognition. The total conditional contributions at December 31, 2021 and 2020 depend on measurable performance or other barriers and a right of return.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition (continued)

Contributions (Continued)

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.

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, 2021 and 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 related to other income as of December 31, 2021 and 2020.

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 \$4,800,000 and \$11,500,000 as of December 31, 2021 and 2020, 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 \$1,178,820 and \$7,197,984 at December 31, 2021 and 2020, respectively. Cash segregated for construction also includes cash to fund interest and fees associated with the 2020 New Market Tax Credit transaction, totaling \$347,124 and \$476,500 at December 31, 2021 and 2020, respectively.

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.

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).

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

There are no reserves held for uncertain tax positions at December 31, 2021 and 2020, 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 2018.

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.

New Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial assets*, requiring an entity to present contributed financial assets as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The standard will be applied on a retrospective basis and will be effective for the fiscal year end December 31, 2022. The Lighthouse does not expect the new standard will impact its financial statements other than including a separate caption on the statement activities and additional disclosures.

NOTE 2 – INVESTMENT SECURITIES

Fair value of investment securities at December 31, 2021 and 2020, are summarized as follows:

	2021	2020
Equity securities	\$ 23,699,348	\$ 15,715,340
Fixed income	13,528,311	13,281,476
Real estate funds	604,263	451,525
	<u>\$ 37,831,922</u>	<u>\$ 29,448,341</u>

Short-term pooled investments are classified as cash and cash equivalents on the statement of financial position and totaled \$2,240,851 and \$2,940,964 as of December 31, 2021 and 2020, respectively.

The Lighthouse's investment income, including income earned on cash deposits, consisted of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Net realized/unrealized gains	\$ 2,541,456	\$ 2,325,464
Interest and dividends, net	696,825	554,375
	<u>\$ 3,238,281</u>	<u>\$ 2,879,839</u>

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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.

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.

Investments measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy. The following describes these investments:

Assets Held at Net Asset Value (NAV) - Valuations based on fair value using the NAV per share (or its equivalent) of such investment funds as a practical expedient for fair value. The Lighthouse has estimated the fair value of these funds by using the NAV provided by the fund's managers.

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, 2021 and 2020.

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. Investments in equity funds may also include investments in which fair values may be based on the NAV of the fund.

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NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

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

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. Investments in fixed income may also include investments in which fair values may be based on the NAV of the fund.

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.

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.

There were no financial liabilities measured at fair value on a recurring or non-recurring basis at December 31, 2021 and 2020.

The following table represents the Lighthouse’s financial instruments measured at fair value on a recurring basis at December 31, 2021 for each of the fair value hierarchy levels:

Description	12/31/2021	Fair Value Measurement at December 31, 2021			Assets held at Net Asset Value (NAV) or Equivalent
		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	\$ 23,699,348	\$ 11,821,007	\$ -	\$ -	\$ 11,878,341
Fixed income	13,528,311	1,482,437	-	-	12,045,874
Real estate funds	604,263	-	-	-	604,263
Total investment securities	\$ 37,831,922	\$ 13,303,444	\$ -	\$ -	\$ 24,528,478
Beneficial interest in trust	\$ 279,761	\$ -	\$ -	\$ 279,761	\$ -
	\$ 279,761	\$ -	\$ -	\$ 279,761	\$ -

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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			Assets held at Net Asset Value (NAV) or Equivalent
		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	\$ 3,750,266	\$ -	\$ -	\$ 11,965,074
Fixed income	13,281,476	-	-	-	13,281,476
Real estate funds	451,525	-	-	-	451,525
Total investment securities	<u>\$ 29,448,341</u>	<u>\$ 3,750,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,698,075</u>
Beneficial interest in trust	\$ 242,553	\$ -	\$ -	\$ 242,553	\$ -
	<u>\$ 242,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,553</u>	<u>\$ -</u>

The following summarizes the changes in value of the Level 3 assets for the year ended December 31, 2021 and 2020:

	2021	2020
Beginning balance	\$ 242,553	\$ 204,513
Change in value of beneficial interest	37,208	38,040
Ending balance	<u>\$ 279,761</u>	<u>\$ 242,553</u>

NOTE 4 – CONTRIBUTIONS RECEIVABLE, NET

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

	2021	2020
2021	-	18,305
2022	146,265	506,000
2023	126,000	1,000
2024	126,000	1,000
2025	126,000	13,672
Thereafter	460,267	40,288
Total	<u>984,532</u>	<u>580,265</u>
Less allowance and present value discount	<u>(132,110)</u>	<u>(55,618)</u>
	<u>\$ 852,422</u>	<u>\$ 524,647</u>

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NOTE 5 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,277,203	\$ 1,337,510
Building and improvements	16,401,329	16,401,329
Construction in progress	10,005,286	1,858,157
Furniture and equipment	2,196,507	2,196,507
Automotive equipment	892,406	892,406
Total	<u>30,772,731</u>	<u>22,685,909</u>
Less accumulated depreciation	<u>(9,467,482)</u>	<u>(8,890,162)</u>
	<u>\$ 21,305,249</u>	<u>\$ 13,795,747</u>

Total depreciation expense for the years ended December 31, 2021 and 2020 was \$577,024 and \$583,961, respectively.

Construction in progress represents architectural, design and other 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. 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 to construct classrooms and therapy rooms for early learners. Refer to Note 13. In 2021, an adjacent property was purchased to relocate the playground with funds generated from the issuance of a long-term unsecured investment bond. Refer to Note 9. A temporary certificate of occupancy was issued in August 2021 and the final certificate of occupancy is expected in 2022, when our campus expansion is complete. When the Certificate of Occupancy is issued, Construction in progress will be reclassified to property and equipment.

NOTE 6 – BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS

Prior to January 1, 2004, the Lighthouse became aware that it was named in an irrevocable trusts as a 50% remainder beneficiary. The trust was 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. The trust holds investments including fixed income and equities. At December 31, 2021 and 2020, the Lighthouse’s beneficial interest in this irrevocable trust totaled \$279,761 and \$242,553, respectively.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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

<u>Description</u>	<u>2021</u>	<u>2020</u>
Donor restricted endowment funds		
- Children's Fund (original gift \$1,126,290)	\$ 1,919,332	\$ 1,784,461
Donor restricted for the Learning Center		
Sustainability Matching Challenge	2,742,457	2,380,110
Donor restricted for the Learning Center		
Light the Way Matching Challenge	5,926,928	3,766,657
Donor restricted investment fund restricted to the		
Lighthouse Learning Center for Children	22,499,596	16,224,539
Time restricted pledge	880,368	-
Beneficial interest in irrevocable trusts	279,761	242,554
	<u>\$ 34,248,442</u>	<u>\$ 24,398,321</u>

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

	<u>2021</u>	<u>2020</u>
Cash and short term investments		
(included in cash & cash equivalents)	\$ 1,111,977	\$ 2,488,058
Contributions receivable, net	880,368	500,000
Investments	26,049,408	18,890,510
Beneficial interest in irrevocable trusts	279,761	242,554
Construction in progress	5,260,432	1,610,703
Land	666,496	666,496
	<u>\$ 34,248,442</u>	<u>\$ 24,398,321</u>

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – ENDOWMENTS (Continued)

Interpretation of Relevant Law

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, 2021 and 2020, 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>2021</u>	<u>2020</u>
Equity securities	\$ 23,126,268	\$ 15,225,875
Fixed income	13,164,138	12,868,547
Real estate funds	587,913	437,457
Cash and short term investments (included in cash & cash equivalents)	1,636,415	2,931,346
	<u>\$ 38,514,734</u>	<u>\$ 31,463,225</u>

Summary of Endowment Assets at December 31, 2021:

	<u>With donor restrictions</u>				<u>Total funds</u>
	<u>Without donor restrictions</u>	<u>Accumulated gains (losses) and other</u>	<u>Endowment corpus restricted in perpetuity</u>	<u>Total with donor restrictions</u>	
Donor-restricted endowment funds - Children's Fund	\$ -	\$ 793,042	\$ 1,126,290	\$ 1,919,332	\$ 1,919,332
Donor-restricted endowment funds - Learning Center Match	-	4,008,523	-	4,008,523	4,008,523
Donor-restricted endowment funds - Lighthouse Learning Center	-	22,499,596	-	22,499,596	22,499,596
Board-designated endowment funds	10,087,283	-	-	-	10,087,283
Total endowment net assets	<u>\$ 10,087,283</u>	<u>\$ 27,301,161</u>	<u>\$ 1,126,290</u>	<u>\$ 28,427,451</u>	<u>\$ 38,514,734</u>

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NOTE 8 – ENDOWMENTS (Continued)

Summary of Endowment Assets at December 31, 2020:

	<u>With donor restrictions</u>				<u>Total funds</u>
	<u>Without donor restrictions</u>	<u>Accumulated gains (losses) and other</u>	<u>Endowment corpus restricted in perpetuity</u>	<u>Total with donor restrictions</u>	
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>

Changes in endowment net assets as of December 31, 2021:

	<u>With donor restrictions</u>				<u>Total funds</u>
	<u>Without donor restrictions</u>	<u>Accumulated gains (losses) and other</u>	<u>Endowment corpus restricted in perpetuity</u>	<u>Total with donor restrictions</u>	
Endowment net assets, beginning	\$ 10,084,657	\$ 20,252,278	\$ 1,126,290	21,378,568	\$ 31,463,225
Investment change, net of fees	945,896	2,155,121	-	2,155,121	3,101,017
Contributions	457,899	9,445,306	-	9,445,306	9,903,205
Disbursements	(1,401,169)	(4,551,545)	-	(4,551,545)	(5,952,714)
Total endowment net assets	<u>\$ 10,087,283</u>	<u>\$ 27,301,160</u>	<u>\$ 1,126,290</u>	<u>\$ 28,427,450</u>	<u>\$ 38,514,733</u>

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

	<u>With donor restrictions</u>				<u>Total funds</u>
	<u>Without donor restrictions</u>	<u>Accumulated gains (losses) and other</u>	<u>Endowment corpus restricted in perpetuity</u>	<u>Total with donor restrictions</u>	
Endowment net assets, beginning	\$ 10,317,028	\$ 12,569,051	\$ 1,126,290	\$ 13,695,341	\$ 24,012,369
Investment change	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>

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, 2021 and 2020, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 8 – ENDOWMENTS (Continued)

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.

NOTE 9 – 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 matured in February 2022. The Lighthouse has applied for a renewal but has not received notification of approval as of the date of these financial statements. 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. The outstanding balance as of December 31, 2021 and 2020 was \$0 and \$2,492,000, respectively. Interest expense for the year ended December 31, 2021 and 2020 totaled \$25,153 and \$8,003, respectively, 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 10 – NOTES PAYABLE

Paycheck Protection Program Note Payable

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 were to be used for payroll, rent, utilities and interest expense. The entire principal balance 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. During the year ended December 31, 2021, the Lighthouse applied for and received forgiveness for the full amount of the loan. As a result, the total loan proceeds of \$987,360 are included as a gain on forgiveness of debt on the accompanying consolidated statement of activities during the year ended December 31, 2021.

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NOTE 10 – NOTES PAYABLE (Continued)

Investment Bond

In May 2021, the Lighthouse issued a long-term unsecured investment bond to a financial institution in the amount of \$1,500,000. These funds were used to purchase property on the Southeast corner of the campus, expand the playground for the Academy, and bring the overall building project in compliance with Miami 21 Code. The Lighthouse will pay interest on the investment at an annual rate of 0.5% until the investment is paid in full. The entire investment amount is payable in full on May 26, 2026, the maturity date. The Lighthouse may redeem the investment at any time upon 30 days written notice to the financial institution at the price of the investment amount plus accrued interest. Under the terms of the agreement, the investment does not represent any equity or like interest in the Lighthouse or any interest convertible to such, and does not carry with it any voting like rights. The amount outstanding as of December 31, 2021 totaled \$1,500,000 and is included as notes payable in the accompanying consolidated statement of financial position.

NOTE 11 – 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 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.

NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION

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, 2021 and 2020 totaled \$0 and \$2,492,000, respectively. See Note 9.

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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION (Continued)

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 years ended December 31, 2021 and 2020, the Lighthouse recorded \$86,724 and \$13,249, respectively 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 statements of financial position at December 31, 2021 and 2020 as Notes payable - New Market Tax Credits 2020, net of unamortized loan costs of \$362,622 and \$386,522, respectively. During the fiscal years ended December 31, 2021 and 2020, the Lighthouse recorded \$72,375 and \$13,269, respectively, 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 included as a contribution to affiliate in the consolidating statement of activities of Lighthouse and NML during the year ended December 31, 2020, and was eliminated in consolidation. Therefore, no gain or loss on this transaction occurred at the consolidated level.

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, 2021 and 2020, there were \$10,000 and \$43,000, respectively, 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.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION (Continued)

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, 2021 and 2020 to fund expenses without limitations, such as donor-imposed or contractual restrictions or internal designations:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,210,267	\$ 12,324,438
Accounts and interest receivable	695,875	478,688
Investment securities	<u>37,831,922</u>	<u>29,448,341</u>
	<u>\$ 43,738,064</u>	<u>\$ 42,251,467</u>
Less those unavailable for general expenditure within one year due to:		
Donor restricted endowment funds	(28,427,451)	(21,378,568)
Board designated endowment funds	(10,087,283)	(10,084,657)
Board designated cash for NMTC and construction	(1,525,946)	(7,674,484)
Deferred revenue- conditional contributions	<u>(1,882,085)</u>	<u>(516,782)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,815,299</u>	<u>\$ 2,596,976</u>

NOTE 15 – OTHER MATTERS

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, 2021**

Federal agency/Federal Program/Pass Through Agency	Assistance Listing 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 (FY21)	780,706
Passed-through Office of Special Education and Rehabilitative Services	84.126	18-543 (FY22)	<u>278,168</u>
Program Total			<u>1,058,874</u>
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	234,028
U.S. Department of Agriculture			
Child and Adult Care Food program:			
Passed through Florida Department of Health	10.558	I-5136	<u>40,292</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 1,333,194</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, 2021**

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 (FY21)	36,960
Independent Living Adult Program (IL-AP)	48.044	20-576 (FY22)	36,960
Social Group Activities Program	48.044	20-583 (FY21)	75,000
Social Group Activities Program	48.044	20-583 (FY22)	75,000
Independent Living Older Blind (IL-OB)	48.044	20-529 (FY21)	155,925
Independent Living Older Blind (IL-OB)	48.044	20-529 (FY22)	161,700
Total Community Rehabilitation Program			541,545
Blind Babies Program:			
Division of Blind Services	48.062	20-508 (FY21)	172,500
Division of Blind Services	48.062	20-508 (FY22)	177,000
Total Blind Babies Program			349,500
Florida Department of Health			
Public School Vision Program:			
Community Public Health (Heiken)	64.047	COHN1 (FY21)	63,651
Community Public Health (Heiken)	64.047	COHN1 (FY22)	191,181
Total Public School Vision Program			254,832
TOTAL STATE FINANCIAL ASSISTANCE			\$ 1,145,877

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, 2021

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, 2021.

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, 2021, 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 13, 2022.

Report on 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.

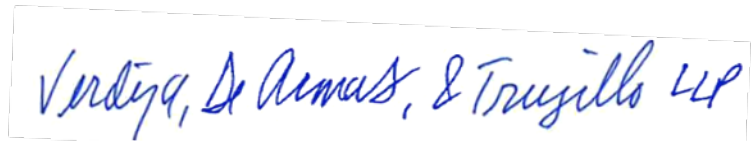
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A rectangular box containing a handwritten signature in blue ink that reads "Verdya, De Armas, & Trujillo LLP".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 13, 2022



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

Opinion on 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 identified as subjected to audit in the *OMB Compliance Supplement*, and 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program and State Project

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 of the State of Florida*. Our responsibilities under those standards, Uniform Guidance, and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Lighthouse and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Lighthouse's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Lighthouse's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Lighthouse's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Lighthouse's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lighthouse's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Lighthouse's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Lighthouse's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

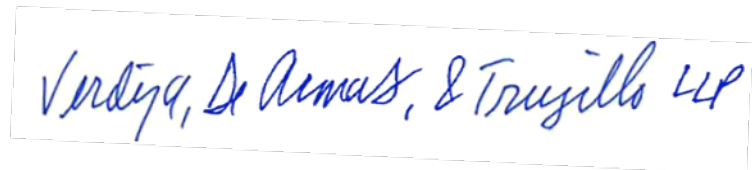
Report on Internal Control Over Compliance

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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 13, 2022

**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, 2021**

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	\$ 1,058,874

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, 2021**

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 13, 2022.
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, 2021.
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, 2021

	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 \$1,111,977 and deferred revenues of \$1,882,085)	\$ 3,684,321	\$ -	\$ -	\$ 3,684,321
Cash segregated for construction	689,716	836,230	-	1,525,946
Accounts receivable, net	695,875	-	-	695,875
Prepaid expenses and other assets	222,982	-	-	222,982
Contributions receivable, net	852,422	-	-	852,422
Due from related entities	2,894,088	-	(2,894,088)	-
Beneficial interest in irrevocable trusts	279,761	-	-	279,761
Investment securities, partially restricted	37,831,922	-	-	37,831,922
Property and equipment, net	12,176,609	9,128,640	-	21,305,249
Note receivable - New Markets Tax Credit 2020	5,735,700	-	-	5,735,700
TOTAL ASSETS	65,063,396	9,964,870	(2,894,088)	72,134,178
LIABILITIES				
Accounts payable and accrued expenses	\$ 556,564	\$ -	\$ -	\$ 556,564
Deferred revenues	1,882,085	-	-	1,882,085
Loan payable	1,500,000	-	-	1,500,000
Due to related entities	-	2,894,088	(2,894,088)	-
Notes payable - New Markets Tax Credit 2020, net	-	8,322,378	-	8,322,378
TOTAL LIABILITIES	3,938,649	11,216,466	(2,894,088)	12,261,027
NET ASSETS				
Without donor restrictions (including quasi endowment of \$10,087,284)	26,876,305	(1,251,596)	-	25,624,709
With donor restrictions	34,248,442	-	-	34,248,442
TOTAL NET ASSETS, CONSOLIDATING ENTITY	61,124,747	(1,251,596)	-	59,873,151
TOTAL LIABILITIES AND NET ASSETS	\$ 65,063,396	\$ 9,964,870	\$ (2,894,088)	\$ 72,134,178

Refer to Independent Auditor's report.

MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
DECEMBER 31, 2021

	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	\$ 450,399	\$ -	\$ -	\$ 450,399
Contributions, net	10,640,675	333,592	(333,592)	10,640,675
Grant funding, including funds from Miami-Dade County	4,987,665	-	-	4,987,665
Investment income, net	3,238,281	-	-	3,238,281
Change in beneficial interest in irrevocable trust	37,208	-	-	37,208
Gain on forgiveness of Paycheck Protection Program loan	987,360	-	-	987,360
Other revenues	776,222	33,000	(33,000)	776,222
Special event	129,695	-	-	129,695
TOTAL REVENUE, GAINS (LOSSES), AND OTHER SUPPORT	21,247,505	366,592	(366,592)	21,247,505
EXPENSES:				
Vision rehabilitation program	\$ 552,751	\$ -	\$ -	\$ 552,751
Alternative rehabilitation services	984,488	-	-	984,488
Transition services and vocational training program	1,275,211	-	-	1,275,211
Early intervention/Pre-K through 2nd grade	4,223,387	-	-	4,223,387
Heiken children's vision program	2,531,159	-	-	2,531,159
Administrative and general	753,071	155,275	-	908,346
Development	787,876	-	-	787,876
Intercompany expense	366,592	-	(366,592)	-
TOTAL EXPENSES	11,474,535	155,275	(366,592)	11,263,218
CONSOLIDATING CHANGE IN NET ASSETS	9,772,970	211,317	-	9,984,287
NET ASSETS - BEGINNING OF YEAR	51,351,777	(1,462,913)	-	49,888,864
NET ASSETS - END OF YEAR	<u>\$ 61,124,747</u>	<u>\$ (1,251,596)</u>	<u>\$ -</u>	<u>\$ 59,873,151</u>

Refer to Independent Auditor's report.

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

MANAGEMENT LETTER

DECEMBER 31, 2021

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MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the consolidated financial statements of Miami Lighthouse for the Blind and Visually Impaired, Inc. (the “Lighthouse”), as of and for the year ended December 31, 2021, and have issued our report thereon dated April 13, 2022.

Auditor’s Responsibility

We conducted our audit in accordance with United States generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), and Chapter 10.650, Rules of the Auditor General.

In planning and performing our audit of the financial statements of the Lighthouse as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Lighthouse’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 control does not allow management of 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.

Our consideration of internal control was for the limited purpose described in the second paragraph of this subsection and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Other Reports and Schedule

We have issued our 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*, Independent Auditor's Report on Compliance Applicable to each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with Uniform Guidance and Chapter 10.650, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated April 13, 2022, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of the Letter

This communication is intended solely for the information and use of the Audit Committee, Board of Directors, management, the Florida Auditor General, Federal and other granting agencies, and others within the Lighthouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 13, 2022