Lighthouse of Pinellas, Inc.

Financial Report
September 30, 2020

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Lighthouse of Pinellas, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Lighthouse of Pinellas, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2020 and 2019, and the change 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.

RSM US LLP

St. Petersburg, Florida
February 17, 2021

Lighthouse of Pinellas, Inc.

Statements of Financial Position
September 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	**$ 373,790**	$ 269,078
Grants and funding sources	**47,121**	64,596
Trusts and estates	**62,500**	-
Accrued interest receivable	**12,862**	8,898
Inventories	**2,154**	3,596
Prepaid expenses and other assets	**42,968**	19,920
Total current assets	**541,395**	366,088
Investments, at fair value	**4,461,940**	3,871,565
Trusts and estates receivable	**135,238**	129,258
Beneficial interest in perpetual trust	**395,000**	386,000
Beneficial interest in assets held by Community Foundations	**595,478**	585,264
Land, building and equipment, net	**1,320,663**	1,318,335
Total assets	**$ 7,449,714**	$ 6,656,510
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 15,409**	$ 33,732
Accrued expenses	**109,235**	120,774
Unearned revenues	**-**	29,285
Current portion of long-term debt	**67,105**	40,700
Total current liabilities	**191,749**	224,491
Long-term debt	**231,229**	64,508
Total liabilities	**422,978**	288,999
Commitments and contingencies (Notes 11 and 14)		
Net assets:		
Without donor restrictions:		
Undesignated	**2,732,899**	1,174,394
Net investment in land, building, and equipment	**1,320,663**	1,318,335
Designated for long-term investment – endowment	-	1,175,000
	4,053,562	3,667,729
With donor restrictions	**2,973,174**	2,699,782
Total net assets	**7,026,736**	6,367,511
Total liabilities and net assets	**$ 7,449,714**	$ 6,656,510

See notes to financial statements.

Lighthouse of Pinellas, Inc.

Statement of Activities and Change in Net Assets
Year Ended September 30, 2020
(With Comparative Totals for 2019)

	2020			
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total 2019
Public support and revenues:				
Special event revenue	**$ 82,798**	**$ -**	**$ 82,798**	$ 107,604
Less special event cost	**(22,375)**	**-**	**(22,375)**	(23,162)
	60,423	**-**	**60,423**	84,442
Trusts and estates	**340,550**	**68,480**	**409,030**	74,152
Contributions and donations	**42,809**	**60,011**	**102,820**	64,660
Government contracts and grants	**996,152**	**-**	**996,152**	994,430
Other grants	**87,709**	**-**	**87,709**	190,250
Program service fees	**17,142**	**-**	**17,142**	23,527
Investment income, net	**219,403**	**125,687**	**345,090**	128,913
Rental income, net of expenses of $8,247	**63,499**	**-**	**63,499**	56,491
Other	**4,495**	**-**	**4,495**	28,121
Total public support and revenues	**1,832,182**	**254,178**	**2,086,360**	1,644,986
Expenses:				
Program services	**1,124,954**	**-**	**1,124,954**	1,413,272
Supporting services:				
Management and general	**225,999**	**-**	**225,999**	176,675
Fundraising	**95,396**	**-**	**95,396**	123,642
Total expenses	**1,446,349**	**-**	**1,446,349**	1,713,589
Other changes:				
Change in value of beneficial interests	**-**	**19,214**	**19,214**	34,866
Change in net assets	**385,833**	**273,392**	**659,225**	(33,737)
Net assets:				
Beginning	**3,667,729**	**2,699,782**	**6,367,511**	6,401,248
Ending	**$ 4,053,562**	**$ 2,973,174**	**$ 7,026,736**	$ 6,367,511

See notes to financial statements.

Lighthouse of Pinellas, Inc.

Statement of Activities and Change in Net Assets
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Special event revenue	$ 107,604	$ -	$ 107,604
Less special event cost	(23,162)	-	(23,162)
	84,442	-	84,442
Trusts and estates	71,046	3,106	74,152
Contributions and donations	64,660	-	64,660
Government contracts and grants	994,430	-	994,430
Other grants	190,250	-	190,250
Program service fees	23,527	-	23,527
Investment income, net	60,043	68,870	128,913
Rental income, net of expenses of $7,588	56,491		56,491
Other	28,121		28,121
Net assets released from restrictions	68,870	(68,870)	-
Total public support and revenues	1,641,880	3,106	1,644,986
Expenses:			
Program services	1,413,272	-	1,413,272
Supporting services:			
Management and general	176,675	-	176,675
Fundraising	123,642	-	123,642
Total expenses	1,713,589	-	1,713,589
Other changes:			
Change in value of beneficial interests	-	34,866	34,866
Change in net assets	(71,709)	37,972	(33,737)
Net assets:			
Beginning	3,739,438	2,661,810	6,401,248
Ending	$ 3,667,729	$ 2,699,782	$ 6,367,511

See notes to financial statements.

Lighthouse of Pinellas, Inc.

Statement of Functional Expenses
Year Ended September 30, 2020
(With Comparative Totals for 2019)

	2020				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total 2019
Salaries	$ 690,271	$ 137,262	$ 59,861	$ 887,394	$ 1,034,430
Employee benefits	45,393	7,882	4,452	57,727	69,343
Payroll taxes	53,056	10,609	4,659	68,324	84,491
Total salaries and related expenses	788,720	155,753	68,972	1,013,445	1,188,264
Client transportation	57,255	-	-	57,255	74,956
Dues and subscriptions	4,691	402	535	5,628	7,757
Repairs and maintenance	33,062	7,957	2,501	43,520	57,969
Professional fees	85,970	34,845	9,839	130,654	122,364
Telephone	7,636	963	455	9,054	9,964
Utilities	19,987	2,507	1,353	23,847	33,300
Travel and training	5,906	3,925	236	10,067	22,704
Insurance	30,686	4,366	2,922	37,974	43,429
Educational supplies	19,123	-	-	19,123	28,937
Marketing and advertising	2,616	131	1,639	4,386	13,750
Other	3,768	4,080	1,884	9,732	31,116
Interest	-	3,781	-	3,781	6,354
Total expenses before depreciation	1,059,420	218,710	90,336	1,368,466	1,640,864
Depreciation	65,534	7,289	5,060	77,883	72,725
Total functional expenses	$ 1,124,954	$ 225,999	$ 95,396	$ 1,446,349	$ 1,713,589

See notes to financial statements.

Lighthouse of Pinellas, Inc.

Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 851,096	$ 108,472	$ 74,862	$ 1,034,430
Employee benefits	57,304	6,954	5,085	69,343
Payroll taxes	70,114	8,731	5,646	84,491
Total salaries and related expenses	978,514	124,157	85,593	1,188,264
Client transportation	74,956	-	-	74,956
Dues and subscriptions	5,674	691	1,392	7,757
Repairs and maintenance	46,124	6,842	5,003	57,969
Professional fees	104,695	12,864	4,805	122,364
Telephone	8,334	1,147	483	9,964
Utilities	26,922	4,225	2,153	33,300
Travel and training	16,718	4,319	1,667	22,704
Insurance	36,436	4,645	2,348	43,429
Educational supplies	28,937	-	-	28,937
Marketing and advertising	2,049	63	11,638	13,750
Other	21,135	5,388	4,593	31,116
Interest	-	6,354	-	6,354
Total expenses before depreciation	1,350,494	170,695	119,675	1,640,864
Depreciation	62,778	5,980	3,967	72,725
Total functional expenses	$ 1,413,272	$ 176,675	$ 123,642	$ 1,713,589

See notes to financial statements.

Lighthouse of Pinellas, Inc.

Statements of Cash Flows
Years Ended September 30, 2020 and 2019

		2020		2019
Cash flows from operating activities:				
Change in net assets	**$**	**659,225**	$	(33,737)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation		**77,883**		72,725
Net realized and unrealized gain on investment securities		**(262,909)**		(74,962)
Change in value of beneficial interests		**(19,214)**		(34,866)
Decrease (increase) in receivables:				
Grants and funding sources		**17,475**		12,377
Trusts and estates		**(68,480)**		(3,106)
Accrued interest		**(3,964)**		13,480
Decrease (increase) in inventories		**1,442**		(1,003)
Increase in prepaid expenses and other assets		**(23,048)**		(5,604)
(Decrease) increase in accounts payable and accrued expenses		**(29,862)**		9,344
(Decrease) increase in unearned revenues		**(29,285)**		7,704
Net cash provided by (used in) operating activities		**319,263**		(37,648)
Cash flows from investing activities:				
Capital expenditures		**(80,211)**		(148,222)
Purchase of investments		**(667,084)**		(183,742)
Transfer of investments with donor restrictions to beneficial interest in assets held by Community Foundations		**-**		(300,000)
Proceeds from sale of investments		**339,618**		798,086
Net cash (used in) provided by investing activities		**(407,677)**		166,122
Cash flows from financing activities:				
Payments on line of credit		**-**		(18,115)
Payments on long-term debt		**(40,767)**		(40,700)
Proceeds from long-term debt		**233,893**		-
Net cash provided by (used in) financing activities		**193,126**		(58,815)
Increase in cash and cash equivalents		**104,712**		69,659
Cash and cash equivalents:				
Beginning		**269,078**		199,419
Ending	**$**	**373,790**	$	269,078
Supplemental disclosure of cash flow information:				
Cash paid for interest	**$**	**3,781**	$	6,354

See notes to financial statements.

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: Lighthouse of Pinellas, Inc. (the Organization) was formed to provide comprehensive rehabilitation services to people of all ages in Pinellas County who are blind or visually impaired.

Programs are designed to enable people to maximize their independence, health and safety through specialized training according to the age and individual needs of the client. This is accomplished through a continuum of comprehensive vision rehabilitation programs; Early Intervention, Children's Program, Teen Transition, Pre-employment Transition, Vocational Rehabilitation and Independent Living.

Foundation: During 2019, the respective board of directors of Lighthouse of Pinellas, Inc. and Lighthouse of Pinellas Foundation, Inc. approved an agreement and plan of merger effective September 30, 2019, to merge the two entities into a single surviving entity comprised of a new board of directors under the laws of the State of Florida. The surviving entity was named the Lighthouse of Pinellas, Inc. Both entities shared the common mission of providing comprehensive rehabilitation services to people of all ages in Pinellas County who are blind or visually impaired. At the time of the merger, a new board of directors was established to govern the merged entity. Prior to the merger, the Organizations' financial statements were combined, with all significant inter-organization balances and transactions being eliminated upon combination. The merger was accounted for using the carryover method, under which all assets and liabilities of the combining organizations were merged into the financial statements of the new entity at the existing basis at September 30, 2019.

A summary of significant accounting policies follows:

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Principles of Combination: Prior to the merger executed on September 30, 2019, the accompanying financial statements of Lighthouse of Pinellas, Inc. and Lighthouse of Pinellas Foundation, Inc. were combined. All significant inter-organization balances and transaction were eliminated upon combination.

Basis of presentation: A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors. Net investment in land, building and equipment represents the Organization's investment in land, building and equipment net of any restrictions. Designated net assets for long-term investment consisted of a board designated endowment as determined by the board of directors as of September 30, 2019. The Board of Directors approved the release of the Board designated endowment effective September 30, 2020.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization, passage of time, or maintained in perpetuity by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the 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. Accordingly, actual results may differ from such estimates.

Cash equivalents: Cash and cash equivalents includes all highly liquid fixed income instruments purchased with original maturities of three months or less.

Concentrations of credit risk: The Organization’s financial instruments that are exposed to concentrations of credit risk include cash and cash equivalents, investments, estates and trusts receivable and public support and revenue and related accounts receivable. Cash and cash equivalents includes accounts placed with federally insured financial institutions. Such accounts may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts. Investments include securities insured by the Securities Investor Protection Corporation. Such investments may at times exceed insured limits. The Organization has not experienced any losses on such accounts. Trusts and estates receivable are unsecured and represent concentrations of credit risk in the event that any one of the entities or individuals is unable to remit the amount due or pledged. The Organization’s public support and revenues includes concentrations from grantor agencies. Changes in operating support and revenues from grantor agencies could significantly impact the Organization, including a reduction in the program services offered by the Organization; however, management does not anticipate any such changes in the near-term.

Grants and funding sources: Grants and funding sources represent amounts due from various governmental agencies for purposes specified by each contract due within one year. Management believes grants and funding sources are fully collectable and has not provided an allowance for doubtful accounts. The Organization provides for losses on grants and funding sources based on historical experience and any other circumstances which may affect the ability of payors to meet their obligations. It is the Organization’s policy to charge off uncollectable accounts when management determines the accounts receivable will not be collected.

Trusts and estates receivable: The Organization has been named as a beneficiary of future distributions from various trusts and estates. These trusts and estates receivables are recorded upon the Organization's interest becoming irrevocable and measurable.

Investments and investment income, net: Investments are reported at fair value. Investment income, net, reported in the accompanying statements of activities and change in net assets, includes realized and unrealized gains and losses and interest and dividend income, net of investment expense. Net investment income from investments without donor restrictions are reported as revenue without donor restrictions. Net investment return for investments of net assets held in perpetuity are reported as increases in net assets with donor restrictions. Management's intention is to hold the investment portfolio for long-term investment. Therefore, the entire investment balance is presented as a noncurrent asset in the accompanying statements of financial position.

Fair value: The Organization follows accounting guidance, which defines fair value and specifies a hierarchy of valuation techniques. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

The following is a brief description of the type of valuation information (inputs) that qualifies a financial asset for each level:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities, which are assessable by the Organization.

Level 2: Observable prices in active markets for similar assets or liabilities. Prices for identical or similar assets or liabilities in markets that are not active. Market inputs that are not directly observable, but are derived from or corroborated by observable market data.

Level 3: Unobservable inputs based on the Organization's own judgment as to assumptions a market participant would use, including inputs derived from extrapolation and interpolation that are not corroborated by observable market data.

The Organization evaluates the various types of financial assets to determine the appropriate classification within the fair value hierarchy based upon trading activity and the observability of market inputs. The Organization employs control processes to validate the reasonableness of the fair value estimates of its assets and liabilities, including those estimates based on prices and quotes obtained from independent third-party sources.

While the Organization 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 estimate of fair value at the report date.

During the years ended September 2020 and 2019, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its statements of financial position or activities.

Inventories: Inventory is stated at the lower of cost or net realizable value and consists of items held for sale to clients. Cost is determined using the first-in, first-out method (FIFO).

Land, building and equipment, net: Land, building and equipment are recorded at cost, if purchased or at fair value at the date of receipt if acquired by gift, less accumulated depreciation. Assets with costs greater than $750 and estimated useful lives greater than one year are capitalized. Depreciation expense related to building and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 40 years.

Expenditure for renewals and improvements that significantly add to the productive capacity or extend the useful lives of property and equipment are capitalized. Expenditures for normal repairs and maintenance are expensed as incurred. Upon retirement, sale or other disposition of property and equipment, the costs an accumulated depreciation are eliminated from the accounts and any resulting gain or loss is included within the statement of activities and changes in net assets.

Property acquired with grant funds is considered owned by the Organization while used in the program for which it is purchased or in future authorized programs; however, its disposition, as well as the ownership of any proceeds there from, is subject to applicable regulations.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Impairment of long-lived assets: The carrying value of land, building and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets or asset groups exceeds the fair value of the assets or asset groups. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of its long-lived assets or asset groups has been recognized during the years ended September 30, 2020 and 2019.

Unearned revenues: Deferred revenue relates to funding for which the terms of revenue recognition have not yet been met.

Contributions: Unconditional contributions are initially recognized at fair value in the period the promises are received. Conditional contributions or intentions to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend on are substantially met. In the absences of donor stipulations, unconditional contributions are reported as revenue without donor restrictions. Amounts received that are restricted by the donor for specific purposes are reported as revenue with donor restrictions. The Organization has adopted the accounting policy of not implying a time restriction on long-lived asset donations when the donor does not stipulate how long the asset must be used. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Donated materials and services: Donations of materials and securities are recorded as support at estimated fair value at the date of donation. Donations of services are recorded as support at their estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Government contracts and grants: The Organization earns revenue from government contracts and grants in the form of performance, rate for service and expense reimbursement contracts. Support and revenue related to government and other grants is recognized when donor-imposed conditions are met. These revenues are subject to right of return if funds are not spent and also have other performance and/or control barriers that must be met to be entitled to the funds. For this reason, the Organization's grant revenues are considered to be conditional and revenue is recognized as funds are utilized for programmatic activities specified in the grant agreement. Funds received in advance and not yet earned are recorded as unearned revenue.

Contributed Services: No amounts have been reflected in the accompanying financial statements for contributed services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, including specific training and educational services provided to clients and various board and committee assignments.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Functional expense allocations: The cost of providing the various programs and supporting services have been provided in the accompanying statements of functional expenses. Expenses that can be identified with a specific program or fundraising event are charged directly to that program or fundraising department according to their natural classification. Client transportation and educational supplies are charged directly to program services. Dues and subscription, repairs and maintenance, professional fees, telephone, utilities, travel and training, insurance, marketing and advertising, depreciation and other expenses are allocated to specific departments based on either the square footage allocation or the full-time equivalent allocation percentages. Interest expense is charged directly to management and general.

Advertising: The Organization expenses advertising costs as incurred.

Income taxes: The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income tax under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

Lighthouse of Pinellas Foundation, Inc. was a Florida not-for-profit corporation organized to support Lighthouse of Pinellas, Inc. through September 30, 2019, the time at which the merger occurred. Lighthouse of Pinellas Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income tax under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

In addition, management assess whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Organization and Lighthouse of Pinellas Foundation, Inc. files tax returns in the U.S. federal jurisdiction. Generally, the Organization and Lighthouse of Pinellas Foundation, Inc. is no longer subject to U.S. federal income tax examinations by taxing authorities for years before September 30, 2017.

Recent accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The update will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulate effect transition method. In June 2020, the FASB issued ASU 2020-05, which further delayed the effective date for nonpublic companies to annual periods beginning after December 15, 2019. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at commencement date:(a) A lease liability, which is a lessees obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) A right-of-use asset, which is an asset that represents the lessees right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off balance sheet financing. Lessees must apply a modified retrospective transition approach for leases existing at or entered into after, the beginning of the earliest comparative period presented in the financial statements. In June 2020, the FASB issued ASU 2020-05, which delayed the effective date for nonpublic companies to fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of this pronouncement on its financial statements.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019.The Organization is currently evaluating the impact of this new standard on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit entities. The ASU will require a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The ASU will also require enhanced disclosure, including disaggregation of nonfinancial assets recognized by category and qualitative information about each category. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, and interim periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact this ASU will have on its financial statements.

The FASB has issued certain new or modifications to, or interpretations of, existing accounting guidance in addition to the ASUs' described above. The Organization has considered the new pronouncements and does not believe that any other new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

Newly adopted accounting pronouncements: In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which will make eight targeted changes to how cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU is effective for fiscal years beginning after December 15, 2018. Entities must apply the ASU retrospectively to all periods presented, but may apply it prospectively if retrospective application would be impracticable. The Organization adopted this standard retrospectively in the current year. The adoption of this ASU did not have a significant impact on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of asset, or the reduction, settlement, or cancellation of liabilities, is a contribution or exchange transaction. It provides criteria for determining whether a resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the Organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The new ASU does not apply to transfers of assets from governments to businesses. The ASU is effective for fiscal years beginning after December 15, 2018. The Organization adopted this standard on a modified prospective basis in the current year. The adoption of this ASU did not have a significant impact on the financial statements.

Subsequent events: Management has evaluated events subsequent to the statement of financial position date for potential recognition and disclosure through February 17, 2021, which is the date these financial statements were available to be issued.

Note 2. Liquidity and Availability of Resources

The following reflects the Organization's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of September 30, 2020 and 2019.

	2020	2019
Financial assets, at year-end		
Cash and cash equivalents	$ 373,790	$ 269,078
Grants and funding sources	47,121	64,596
Trusts and estates	62,500	-
Accrued interest receivable	12,862	8,898
Investments, at fair value	4,461,940	3,871,565
Endowment spending-rate distributions and appropriations	63,970	111,000
	5,022,183	4,325,137
Less donor-imposed restrictions:		
Funds subject to time and purpose restrictions	(122,511)	-
Endowment funds – accumulated investment gains subject to spending rate policy	(125,687)	-
Endowment funds restricted in perpetuity	(1,599,260)	(1,599,260)
Net financial assets after donor-imposed restrictions	3,174,725	2,725,877
Less board designated quasi endowment	-	(1,175,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,174,725	$ 1,550,877

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board. The Board approved the release of the board designated endowment fund effective September 30, 2020. Income from donor-restricted endowments may be restricted for specific purposes, otherwise it is available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Organization's liquidity management plan, excess cash may be invested into short term money market accounts. The Organization maintains a $100,000 line of credit available to meet cash flow needs.

Note 3. Trusts and Estates Receivable

The Organization is a beneficiary of an estate which stipulates that the Organization will receive the corpus upon the death of the income beneficiary. The related receivable classified as noncurrent trusts and estates is estimated at approximately $135,000 and $129,000 at September 30, 2020 and 2019, respectively. As of September 30, 2020 and 2019, the Organization has approximately $62,500 and $0, respectively, classified as current trusts and estates receivable from an estate gift.

Note 4. Beneficial Interests

Beneficial Interest in perpetual trust: The Organization is the income beneficiary of a perpetual trust at September 30, 2020 and 2019. The Organization's interest in the trust is stated at the present value of the anticipated future cash flows to be received from the trust which approximates the fair value of the assets that produce the income. The estimated anticipated future cash flows of the trust are $395,000 and $386,000 at September 30, 2020 and 2019, respectively.

Beneficial interest in assets held by Pinellas Community Foundation: The Organization holds an interest in the Lighthouse of Pinellas Fund (the Fund) within Pinellas County Community Foundation (Pinellas Community Foundation). When established, the Organization contributed approximately $233,500 to the Fund and the Pinellas Community Foundation matched 30% of the Organization's original investment, or $70,050, to the Fund. The match is not recorded in the accompanying financial statements as the Organization is only entitled to the earnings on the match.

The interest in the Pinellas Community Foundation is subject to an agreement which grants variance power to the Pinellas Community Foundation. Should the purpose of the Fund, at the sole discretion of the board of trustees (the Trustees) of the Pinellas Community Foundation, become unnecessary, incapable of fulfillment, undesirable, impractical, or no longer adapted to community needs, it is the Trustees' responsibility to use the Fund for purposes which most nearly approximate the original purpose of the Fund.

The Organization's investment in the Fund is stated at the fair value of the investments the Fund holds. The Pinellas Community Foundation will distribute an annual payout of 5% of the market value of the fund. The principal of the Fund will remain in perpetuity for the benefit of the Organization providing; however, that principal may be used, if necessary, to make the 5% annual payout. The Organization may have the ability to withdraw funds from the principal, to the satisfaction of the Pinellas Community Foundation, that such expenditure is necessary because of a financial emergency, natural disaster or arson, or any other extraordinary occurrence that threatens the existence of the Organization.

Beneficial interest in assets held by Community Foundation of Tampa Bay: During 2019, the Organization established an endowment fund at the Community Foundation of Tampa Bay (CFTB) under the community foundation's Endowment Match and named the Organization as beneficiary. The endowment funds were transferred were originally restricted for a donor established endowment (see Note 6). The CFTB matched 30% of the Organization's original investment, or $100,000, to the Fund. The match is not recorded in the accompanying financial statements as the Organization is only entitled to the earnings on the match.

The Organization granted variance power to the CFTB, which allows the CFTB to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the CFTB's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the CFTB for our benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Note 4. Beneficial Interests (Continued)

The fair value of the Organization's beneficial interest consisted of the following at September 30, 2020 and 2019:

	2020	2019
Beneficial interest in perpetual trusts, reported at fair value	$ 395,000	$ 386,000
Beneficial interest in assets held by others – Community Foundations, reported at fair value:		
Pinellas Community Foundation	240,242	242,503
Community Foundation of Tampa Bay	355,236	342,761
	595,478	585,264
	$ 990,478	$ 971,264

Note 5. Investments and Fair Value Measurements

Investments as of September 30, 2020 and 2019, consists of:

	2020	2019
Cash equivalents and money market investments	$ 236,348	$ 111,008
Mutual funds	1,053,413	1,081,318
U.S. Treasury and federal agency obligations	589,124	530,455
Corporate bonds	1,207,064	900,365
Common stocks	1,375,991	1,248,419
	$ 4,461,940	$ 3,871,565

Investment income, net of investment expenses, was comprised of the following components for the years ended September 30, 2020 and 2019:

	2020	2019
Interest and dividends	$ 112,274	$ 87,615
Net realized and unrealized gain	262,909	74,962
Investment fees	(30,093)	(33,664)
	$ 345,090	$ 128,913

Note 5 Investments and Fair Value Measurement (Continued)

The tables below represent the Organization's financial assets measured at fair value on a recurring basis by level within the hierarchy at September 30, 2020 and 2019:

	2020			
	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Cash equivalents and money market investments	$ 236,348	$ -	$ -	$ 236,348
Mutual funds	1,053,413	-	-	1,053,413
U.S. Treasury and federal agency obligations	589,124	-	-	589,124
Corporate bonds	1,207,064	-	-	1,207,064
Common stocks	1,375,991	-	-	1,375,991
	$ 4,461,940	$ -	$ -	$ 4,461,940
Beneficial interests:				
Beneficial interest in perpetual trust	$ -	$ -	$ 395,000	$ 395,000
Beneficial interest in assets held by Community Foundations	-	-	595,478	595,478
	$ -	$ -	$ 990,478	$ 990,478

	2019			
	Fair Value Measurements Using:			
	Level 1	Level 2	Level 3	Total
Cash equivalents and money market investments	$ 111,008	$ -	$ -	$ 111,008
Mutual funds	1,081,318	-	-	1,081,318
U.S. Treasury and federal agency obligations	530,455	-	-	530,455
Corporate bonds	900,365	-	-	900,365
Common stocks	1,248,419	-	-	1,248,419
	$ 3,871,565	$ -	$ -	$ 3,871,565
Beneficial interests:				
Beneficial interest in perpetual trust	$ -	$ -	$ 386,000	$ 386,000
Beneficial interest in assets held by Community Foundations	-	-	585,264	585,264
	$ -	$ -	$ 971,264	$ 971,264

The fair value of actively traded debt and equity securities are based on quoted market prices.

The fair value of the Organization's beneficial interest in assets held by Community Foundations and beneficial interest in assets in perpetual trust is determined based on the fair value of fund investments as reported by the Community Foundations and trust advisor. The pooled investments at the Community Foundations primarily consist of Level 1 securities. The beneficial interest in Community Foundations and beneficial interest in assets in perpetual trust are classified as Level 3 since redemption cannot occur in the near term. The Community Foundations maintain variance power over the assets held. Information is provided to the Organization in the form of quarterly investment reports.

Note 5. Investments and Fair Value Measurements (Continued)

The following is a reconciliation of the Organization's Level 3 investments:

	2020	2019
Beginning balance	$ 971,264	$ 636,398
Contributions	-	300,000
Change in beneficial interests	19,214	34,866
Ending balance	$ 990,478	$ 971,264

Note 6. Endowment Funds

The Organization's endowment funds consist of donor-restricted funds, as well as funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with the 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 and designations by the board of directors.

The portion of the endowment funds that have donor imposed restrictions that are perpetual in nature are made up of two separate gifts recorded at their original fair value. A gift of $1,799,260 was made to the Organization in 1988 for the establishment of an endowment fund. Income generated from this gift is classified as net assets without donor restrictions and may be used to fund the general activities of the Organization. In 1992, a gift of $100,000 was made to the Organization to add to the donor restricted endowment. Income derived from this gift is classified as net assets with donor restrictions to be used to fund children's department activities. The Organization is required by the donor to maintain this gift in the Investment Company of America mutual fund. There are no other donor-imposed restrictions on any other endowment fund assets.

The Organization has interpreted the *Florida Uniform Management of Institutional Funds Act* (FUMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor imposed restrictions that are perpetual in nature: a) the original value of gifts donated to the donor restricted endowment, b) the original value of subsequent gifts to the donor restricted endowment, and c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted fund that is not classified as net assets with donor restriction related to the endowment to be held in perpetuity is classified as net assets with donor restriction until those amounts are apportioned for expenditures by the Organization in a manner consistent with the standard of prudence prescribed by that standard.

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

- The duration and preservation of the fund
- Donor desires and restrictions
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Note 6. Endowment Funds (Continued)

Fund deficiencies**:** From time to time, certain donor-restricted endowment funds may have fair values less than amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted FUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Organization does permit spending from underwater endowments. As of September 30, 2020 and 2019, the Organization has no underwater endowments.

Return objectives and risk parameters: The Organization's investment policy has the objective of generating a total rate of return, net of all investment management costs and fees, from all authorized investments that is equal to or greater than returns of the appropriate indices identified in its investment policy statement for the calculation of an overall performance return comparison.

The benchmark returns for each segment of assets must be proportional to the assets' respective allocation in the portfolio when calculating the overall portfolio return. The asset allocations within the portfolio are designed to provide opportunity for growth of the portfolio while reducing unwarranted risk through concentrations.

In accordance with this policy, which is reviewed at least annually and approved by the board of directors upon modification, endowment funds are invested in a manner that is intended to protect against any loss associated with a single security, industry, issuer, or single event.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation.

Spending policy and how the investment objectives relate to spending policy: On an annual basis, the board of directors approves the amount of earnings, if any, that the Organization may spend from the endowment funds based on the operating needs of the Organization. The effect of the amount approved on the investment policy objectives is evaluated during this process. The Organization adopted a formal spending policy on August 21, 2019, whereas it is the intention of the board that the Organization will appropriate for spending 4% of the three-year average market value from December 31 of the previous year. Prior to this date, the Organization did not maintain a formal spending policy. During the years ended September 30, 2020 and 2019, the Organization appropriated $0 and $113,845, respectively in total from endowments with donor restrictions and without donor restrictions.

Note 6. Endowment Funds (Continued)

Endowment net asset composition by type of fund are as follows at September 30, 2020 and 2019:

September 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ -	$ -	$ -
Donor-restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,899,260	1,899,260
Accumulated investment gains	-	180,923	180,923
	$ -	$ 2,080,183	$ 2,080,183

September 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment fund	$ 1,175,000	$ -	$ 1,175,000
Donor-restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,899,260	1,899,260
Accumulated investment gains	-	42,761	42,761
	$ 1,175,000	$ 1,942,021	$ 3,117,021

September 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,175,000	$ 1,942,021	$ 3,117,021
Release of board designation	(1,265,759)	-	(1,265,759)
Investment return:			
Investment income	13,253	16,910	30,163
Net appreciation	77,506	121,252	198,758
Total investment income	90,759	138,162	228,921
Endowment net assets, end of year	$ -	$ 2,080,183	$ 2,080,183

September 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,175,000	$ 1,899,260	$ 3,074,260
Appropriated for expenditure	(44,975)	(68,870)	(113,845)
Investment return:			
Investment income	14,453	22,132	36,585
Net appreciation	30,522	89,499	120,021
Total investment income	44,975	111,631	156,606
Endowment net assets, end of year	$ 1,175,000	$ 1,942,021	$ 3,117,021

The Board approved the release of the board designated endowment fund effective September 30, 2020.

Note 7. Land, Building and Equipment

Land, building and equipment consists of the following at September 30:

	2020	2019
Land	$ 325,067	$ 325,067
Building	1,638,799	1,638,799
Building improvements	698,642	698,642
Furniture, fixtures and equipment	388,387	349,301
Vehicles	41,124	-
	3,092,019	3,011,809
Less accumulated depreciation	(1,771,356)	(1,693,474)
	$ 1,320,663	$ 1,318,335

Depreciation expense for the years ended September 30, 2020 and 2019, is $77,883 and $72,725, respectively.

Note 8. Line of Credit

The Organization holds a line of credit at a commercial bank with an authorized limit of $100,000. The balance was $0 at September 30, 2020 and 2019, respectively. Interest is calculated at the bank's prime rate, not to fall below 3.25% (4.75% at September 30, 2020 and 2019). The line of credit is renewed annually and matures on April 15, 2021.

Note 9. Long-Term Debt

Long-term debt at September 30 consists of the following:

	2020	2019
Note payable to a bank secured by investments	$ 64,441	$ 105,208
Promissory note	233,893	-
	298,334	105,208
Less current portion	(67,105)	(40,700)
	$ 231,229	$ 64,508

The note payable requires monthly payments of principal of approximately $3,400 and interest at a fixed rate of 3.75%. The interest rate is subject to change to the bank's prime rate every three years (4.75% at September 30, 2020 and 2019, respectively). The note payable is due April 12, 2022.

Note 9. Long-Term Debt (Continued)

The promissory note was granted to the Organization on April 24, 2020, pursuant to the Paycheck Protection Program established as part of the *Coronavirus Aid, Relief and Economics Security Act* (CARES Act). The loan bears interest at 1% per annum and is payable monthly commencing approximately eleven months after the date of disbursement. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the loan, certain amounts may be forgiven if they are used for qualifying expenses, as described in the CARES Act. Qualifying expenses including payroll costs, continuation of health care benefits, mortgage payments, rent, utilities and interest on other debt obligation. The Organization intends to use the entire loan amount for qualifying expense, however, no assurance can be given that expenditures will qualify or be forgiven. The Organization has elected to account for this loan under debt accounting of ASU 470, *Debt*.

Maturities of long-term debt are as follows at September 30, 2020:

Years ending September 30:		
2021	$	67,105
2022		231,229
	$	298,334

Note 10. Employee Benefit Plan

The Organization has a 403(b) salary reduction deferred contribution plan (the Plan) for the benefit of employees. All employees are eligible to make elective deferrals upon hire. Employees who are budgeted to work 20 or more hours per week are eligible for employer contributions. Participants may contribute up to 100% of their salary to the Plan up to the compensation limits set by the federal tax laws. All participant contributions are immediately fully vested and nonforfeitable, while vesting in employer contributions is based on years of continuous service. A participant is 100% vested after three years of service.

The Organization may make discretionary contributions to the Plan equal to 100% of employee contributions, up to a maximum of 5% of an employee's salary. For the years ended September 30, 2020 and 2019, discretionary contributions totaled approximately $21,000 and $29,000, respectively.

Note 11. Leases

The Organization leases a portion of its operating facility to others under multiple operating leases which expire on various dates over the next fiscal years. Rental income, net of related expenses, for the years ended September 30, 2020 and 2019, is $63,499 and $54,491, respectively. Base monthly rents may be adjusted periodically for changes in the Consumer Price Index over the lease terms.

At September 30, 2020, maturities of future minimum lease payments to be received in 2021 are $17,868.

The Organization leases equipment from third parties. Rent expense relating to these operating leases, for the years ended September 30, 2020 and 2019, is $5,963 and $6,557, respectively. Future minimum lease payments as of September 30, 2020, are as follows:

Years ending September 30:		
2021	$	5,460
2022		5,460
2023		455
	$	11,375

Note 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows at September 30:

	2020	2019
Subject to expenditure for specified purpose or passage of time:		
Time restrictions – Trusts and estate receivable	$ 197,738	$ 129,258
Purpose restrictions – Contributions	60,011	-
Total expenditure for specified purpose or passage of time	257,749	129,258
Endowment related:		
Subject to endowment spending policy and appropriation:		
Accumulated earnings on endowments held in perpetuity	125,687	-
Endowments held in perpetuity:		
Endowment funds	1,599,260	1,599,260
Beneficial interest in assets held by Community Foundation	355,236	342,761
	1,954,496	1,942,021
Total endowments	2,080,183	1,942,021
Beneficial interest in perpetual trust	395,000	386,000
Beneficial interest in assets held by Community Foundation	240,242	242,503
Total net assets with donor restrictions	$ 2,973,174	$ 2,699,782

Net assets with donor restrictions held in perpetuity consist of assets contributed by donors as endowments to be held in perpetuity, a beneficial interest in a perpetual trust, and a beneficial interest in assets held by Community Foundations. Income distributions from the beneficial interests are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the earnings are recognized. Net assets released from net assets with donor restrictions for the years ended September 30, 2020 and 2019, is $0 and $68,870, respectively.

Note 13. Conditional Promises to Give

The Organization has conditional grants to give from governmental agencies of approximately $388,893 as of September 30, 2020. Future payments are contingent upon the Organization carrying out certain activities (meeting grant imposed barriers) stipulated by the grant.

Note 14. Contingencies

COVID-19: On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial effect will be to the Organization. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, impacted in the near term as a result of these conditions.