

LIGHTHOUSE OF COLLIER, INC.

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS
FOR DECEMBER 31, 2019**

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INTEGRITY.....KNOWLEDGE.....SERVICE.....COMMITMENT®

Independent Auditor's Report

To the Board of Directors
Lighthouse of Collier, Inc.
Naples, Florida

Opinion

We have audited the accompanying financial statements of Lighthouse of Collier, Inc., (a nonprofit organization, the "Organization") which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 Lighthouse of Collier, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Lighthouse of Collier, Inc. 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 opinion.

Responsibilities of Management 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, 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.

Affiliations

American Institute of Certified Public Accountants ♦ Florida Institute of Certified Public Accountants

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***By Appointment Only**

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 Lighthouse of Collier, Inc.'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 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, including omissions, 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.

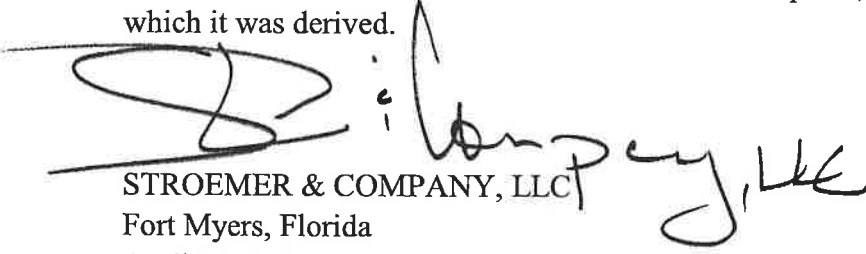
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Lighthouse of Collier, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lighthouse of Collier, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Lighthouse of Collier, Inc.'s 2019 financial statements, and our report dated April 13, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it was derived.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC", is written over the printed name of the firm.

STROEMER & COMPANY, LLC
Fort Myers, Florida
April 30, 2021

LIGHTHOUSE OF COLLIER, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 with comparative totals
for December 31, 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 491,478	\$ 253,086
Grants receivable	50,424	55,214
Prepaid expenses	11,494	14,594
Deposits	<u>3,050</u>	<u>2,300</u>
TOTAL CURRENT ASSETS	556,446	325,194
PROPERTY AND EQUIPMENT - NET	14,488	16,799
INVESTMENTS	232,397	229,511
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	<u>203,796</u>	<u>167,507</u>
TOTAL ASSETS	<u>\$ 1,007,127</u>	<u>\$ 739,011</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 22,185	\$ 21,275
Deferred revenue	14,050	1,950
Accrued liabilities	<u>9,457</u>	<u>9,915</u>
TOTAL CURRENT LIABILITIES	45,692	33,140
NET ASSETS		
Net assets without donor restrictions	871,011	610,657
Net assets with donor restrictions	<u>90,424</u>	<u>95,214</u>
TOTAL NET ASSETS	<u>961,435</u>	<u>705,871</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,007,127</u>	<u>\$ 739,011</u>

The accompanying notes are an integral part of this statement.

LIGHTHOUSE OF COLLIER, INC.
STATEMENTS OF ACTIVITIES
Year ended December 31, 2020 with comparative
totals for December 31, 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
CHANGES IN NET ASSETS				
SUPPORT AND REVENUE				
Grant revenue	\$ -	\$ 508,933	\$ 508,933	\$ 339,580
Contributions	318,399	-	318,399	281,221
Special event revenue, net of direct donor benefit	71,271	-	71,271	102,259
Client service revenue	22,453	-	22,453	36,303
In-kind donations	16,640	-	16,640	18,027
Investment income	4,543	-	4,543	26,362
Interest income	751	-	751	23
TOTAL SUPPORT AND REVENUE	434,057	508,933	942,990	803,775
NET ASSETS RELEASED FROM RESTRICTIONS				
	513,723	(513,723)	-	-
TOTAL SUPPORT, REVENUE AND RECLASSIFICATIONS				
	947,780	(4,790)	942,990	803,775
EXPENSES				
Program expenses	568,371	-	568,371	514,132
Fundraising	52,187	-	52,187	57,282
Management and general	66,868	-	66,868	60,488
TOTAL EXPENSES	687,426	-	687,426	631,902
CHANGE IN NET ASSETS	260,354	(4,790)	255,564	171,873
NET ASSETS, JANUARY 1,	610,657	95,214	705,871	533,998
NET ASSETS, DECEMBER 31,	\$ 871,011	\$ 90,424	\$ 961,435	\$ 705,871

The accompanying notes are an integral part of this statement.

LIGHTHOUSE OF COLLIER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended December 31, 2020 with comparative
totals for December 31, 2019

	<u>Year Ended December 31, 2020</u>				<u>2019</u>
	<u>Support services</u>			<u>Total</u>	
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>		
<u>Services</u>	<u>and</u>	<u>General</u>	<u>Expenses</u>		
EXPENSES					
Salaries and benefits	\$ 425,270	\$ 50,032	\$ 25,016	\$ 500,318	\$ 409,273
Occupancy	41,984	4,939	2,470	49,393	50,239
Other expense	24,074	2,832	1,416	28,322	32,220
Telephone	17,782	2,092	1,046	20,920	17,793
Professional fees	15,631	1,839	920	18,390	27,723
Fundraising expenses	-	-	16,645	16,645	24,434
Supplies	11,106	1,307	653	13,066	20,515
Program	8,127	956	478	9,561	14,808
Travel	6,226	733	366	7,325	16,535
Insurance	6,104	718	359	7,181	4,946
Printing and copying	5,463	643	321	6,427	4,339
Depreciation	2,958	348	174	3,480	3,156
Repairs and maintenance	2,952	347	174	3,473	2,051
Advertising	-	-	2,109	2,109	2,604
Postage and shipping	397	47	23	467	708
Background checks	297	35	17	349	558
TOTAL EXPENSES	<u>\$ 568,371</u>	<u>\$ 66,868</u>	<u>\$ 52,187</u>	<u>\$ 687,426</u>	<u>\$ 631,902</u>

The accompanying notes are an integral part of this statement.

LIGHTHOUSE OF COLLIER, INC.
STATEMENTS OF CASH FLOWS
Year ended December 31, 2020 with comparative
totals for December 31, 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collected from grantor agencies	\$ 513,723	\$ 340,500
Cash collected from contributions	335,039	299,248
Cash collected from special events	83,371	91,309
Cash collected from client services	22,453	36,303
Cash paid for programs and support	(681,144)	(641,951)
Interest income	751	23
	<u>274,193</u>	<u>125,432</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	274,193	125,432
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,169)	(6,097)
Purchases of investments	(2,886)	(103,727)
Purchases of beneficial interest in assets held by others	(31,746)	-
	<u>(35,801)</u>	<u>(109,824)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(35,801)	(109,824)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	238,392	15,608
Cash and cash equivalents at beginning of year	<u>253,086</u>	<u>237,478</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 491,478</u>	<u>\$ 253,086</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES, OPERATING ACTIVITIES		
In-kind contributions of goods and services received	\$ 16,640	\$ 18,027
In-kind contributions of goods and services recognized	\$ (16,640)	\$ (18,027)

The accompanying notes are an integral part of this statement.

LIGHTHOUSE OF COLLIER, INC.
STATEMENTS OF CASH FLOWS, CONTINUED
Year ended December 31, 2020 with comparative
totals for December 31, 2019

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RECONCILIATION OF CHANGE IN NET
ASSETS TO NET CASH PROVIDED BY
(USED IN) OPERATING ACTIVITIES

	<u>2020</u>	<u>2019</u>
Change in net assets	\$ 255,564	\$ 171,873
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gains	(4,543)	(26,362)
Depreciation	3,480	3,156
(Increase) decrease in assets:		
Grants receivable	4,790	920
Prepaid expenses	3,100	(14,594)
Deposits	(750)	-
Increase (decrease) in liabilities:		
Accounts payable	910	(744)
Accrued liabilities	(458)	2,133
Deferred revenue	<u>12,100</u>	<u>(10,950)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 274,193</u>	<u>\$ 125,432</u>

The accompanying notes are an integral part of this statement

LIGHTHOUSE OF COLLIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 with comparative totals
for December 31, 2019

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of activities

Lighthouse of Collier, Inc. (the "Organization") was established in 2009 as a Florida nonprofit corporation. The Organization's mission is to promote the development, implementation and on-going evaluation of programs and services which foster independence and enhance the quality of life for the blind, visually impaired and their caregivers in Collier County, Florida.

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. The accounting and reporting policies of the Organization are in accordance with the accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standards Codification ("ASC").

Financial statement presentation

The Organization prepares its financial statements in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

The Organization accounts for its contributions in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. In accordance with this topic, contributions received are recorded as net assets without donor restricted or net assets with donor restricted support depending on the existence and/or nature of any donor restrictions. All donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted support is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash in demand deposits and money market funds that have immediate liquidity.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Concentration of credit risk

The Organization maintains its cash and cash equivalents balances at various financial institutions in deposit accounts, which at times may exceed federally-insured limits. The Organization believes it is not exposed to any significant credit risk on cash. The Board of Directors further evaluates the Organization's credit risk exposure through bank evaluations, purchasing out-of-state certificates of deposit, and only purchasing certificates of deposit that have a 3-star or greater valuation. Also, the Board of Directors considers low risk options, such as treasury bills.

Property and equipment

Property and equipment are recorded at cost, or if donated, at fair market value on the date of donation. Donated assets (when applicable) are recorded as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on the disposal is recorded in the statement of activities.

Impairment of long-lived assets

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic required, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from the topic for the years ending December 31, 2020 and 2019.

Management estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Donated goods and services

Donations of goods and services are recorded as contributions at their fair market value at the date of donation. The Organization reports the donations of goods as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution require specialized skills and are provided by individuals possessing such specialized skills.

For the years ended December 31, 2020 and 2019, the Organization recognized in income donations of goods and services totaling \$16,640 and \$18,027, respectively, from donated office space and specialized services. The Organization receives donated services from numerous volunteers, including the Board of Directors, which do not meet the criteria for recognition, and therefore are not reflected in the financial statements.

Functional expenses

The Organization allocates its expenses on a functional basis among its various program and supporting services. Expenses that can be identified with a specific program service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Fair value of financial instruments

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash and cash equivalents, receivables, accounts payable and accrued liabilities. The Organization estimates that the fair value of all financial instruments at December 31, 2020 and 2019 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

The Organization adheres to the FASB ASC topic "Accounting for Certain Investments Held by Not-for-Profit Organizations". This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities.

Income taxes

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Association's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Association remain open to examination by these government agencies. The Association follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Deferred revenue

Deferred revenue represents revenue collected for events that will occur after the Organization's year end.

Prior year summarized information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statement for the year ended December 31, 2019, from which the summarized information was derived.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Beneficial interest in assets held by others

The Organization has a fund with a community foundation that has net assets with donor restrictions and has named itself as beneficiary of the fund. As such, in accordance with standards, the Organization continues to recognize the assets as its own.

Advertising and marketing

Advertising and marketing costs are charged to operations in the period in which the advertisement or marketing campaign occurs. Advertising and marketing costs for the years ended December 31, 2020 and 2019 were \$2,109 and \$2,604, respectively.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2014-09), Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending December 31, 2020 and 2019:

Special Event Revenue - The Organization conducts special events in which a portion of the proceeds paid by a donor represents payment for the direct cost of the benefits received by the donor at the event - the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the benefit is measured at cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the benefit received by the donor. The direct costs of the special event are recorded as direct donor benefits in the statements of activities. The performance obligation is the delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires the Organization allocate the transaction price to the performance obligations. As such, the Organization presents in the notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after the delivery of the event. For special event fees received before year-end for an event that will occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as deferred revenue along with the exchange component.

LIGHTHOUSE OF COLLIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 with comparative totals
for December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue recognition, continued

Revenue from Non-Exchange Transactions: The Organization recognizes revenue from these types of transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2018-08), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization records the following non-exchange transaction revenue in its statements of activities for the years ending December 31, 2020 and 2019:

Contributions - Revenue from contributions is recognized at the time the contribution is made.

Grant Revenue - Revenue from grants is recognized pro-ratably over the contract period as reimbursements are requested and barriers are met.

Client Service Revenue - Revenue from client services are charged to a grant and is recognized pro-ratably over the program period as reimbursements are requested and barriers are met.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 491,478	\$ 253,086
Grants receivable	50,424	55,214
Investments	232,397	229,511
Beneficial interest in assets held by others	<u>198,796</u>	<u>162,507</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 973,095</u>	<u>\$ 700,318</u>

The Organization manages its financial assets in accordance with the "Not-For-Profit Entities" topic of the FASB ASC. This topic requires that the Organization maintains sufficient resources to meet the responsibilities of its donors. Therefore financial assets

LIGHTHOUSE OF COLLIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 with comparative totals
for December 31, 2019

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS, CONTINUED

may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE C - GRANTS RECEIVABLE

Grants receivable as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Florida Department of Education	<u>\$ 50,424</u>	<u>\$ 55,214</u>

The Organization believes the receivables will be collected in full and therefore has not established an allowance for uncollectible amounts.

NOTE D - PROPERTY AND EQUIPMENT - NET

Property and equipment includes the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 53,786	\$ 52,617
Donated equipment	44,712	44,712
Accumulated depreciation	<u>(84,010)</u>	<u>(80,530)</u>
	<u>\$ 14,488</u>	<u>\$ 16,799</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$3,480 and \$3,156, respectively.

NOTE E - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to 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 under FASB ASC 820 are described as follows:

NOTE E - FAIR VALUE MEASUREMENTS, CONTINUED

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

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

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2020 and 2019. The Organization had no financial liabilities as of December 31, 2020 and 2019.

	Assets at Fair Value as of December 31, 2020			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds	\$ 232,397	\$ -	\$ -	\$ 232,397
Beneficial interest in assets held by others	-	-	203,796	203,796
	<u>\$ 232,397</u>	<u>\$ -</u>	<u>\$ 203,796</u>	<u>\$ 436,193</u>

LIGHTHOUSE OF COLLIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 with comparative totals
for December 31, 2019

NOTE E - FAIR VALUE MEASUREMENTS, CONTINUED

	Assets at Fair Value as of December 31, 2019			
	(Level 1)	(Level 2)	(Level 3)	Total
Mutual funds	\$ 229,511	\$ -	\$ -	\$ 229,511
Beneficial interest in assets held by others	-	-	167,507	167,507
	<u>\$ 229,511</u>	<u>\$ -</u>	<u>\$ 167,507</u>	<u>\$ 397,018</u>

The fair value of the beneficial interest in assets held by others was not readily determinable through an outside source independent of the Organization. The fair value is based on amounts reported to the Organization by the community foundation.

The following represents a fair value roll forward of the beneficial interest in assets held by others measured at Level 3:

	2020	2019
Balance at beginning of year	\$ 167,507	\$ 145,889
Purchases	42,322	-
Realized and unrealized gain (loss)	(7,032)	22,263
Interest and dividends	2,449	-
Fees	(1,450)	(645)
Balance at end of year	<u>\$ 203,796</u>	<u>\$ 167,507</u>

NOTE F - DEFERRED REVENUE

The activity and balances of deferred revenue from contracts with customers related to special events are shown in the following table:

	2020	2019
Balance at beginning of year	\$ 1,950	\$ 12,900
Revenue recognized	(1,950)	(12,900)
Payments received for future performance obligations	14,050	1,950
Balance at end of year	<u>\$ 14,050</u>	<u>\$ 1,950</u>

LIGHTHOUSE OF COLLIER, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 with comparative totals
for December 31, 2019

NOTE G - NET ASSETS

Net assets consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
With donor restrictions:		
Beneficial interest in assets held by others	\$ 5,000	\$ 5,000
Accounts receivable	50,424	55,214
Contributions for building fund	35,000	35,000
	<u>\$ 90,424</u>	<u>\$ 95,214</u>
	<u>2020</u>	<u>2019</u>
Without donor restrictions:		
Undesignated	<u>\$ 871,011</u>	<u>\$ 610,657</u>

NOTE H - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Net assets released from donor restrictions were:

	<u>2020</u>	<u>2019</u>
Expenditure for specific purpose accomplished:		
Grants and contributions	<u>\$ 513,723</u>	<u>\$ 355,500</u>
Total released from restrictions:	<u>\$ 513,723</u>	<u>\$ 355,500</u>

NOTE I - UNDERWATER ENDOWMENT FUNDS

In accordance with the "Not-For-Profit Entities" topic of the FASB ASC, the Organization shall disclose the aggregate amount of deficiencies for all donor-restricted endowment funds for which the fair value of the assets at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or by law that extends donor restrictions.

The Organization had no underwater endowment funds as of December 31, 2020 and 2019.

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NOTE J - SPECIAL EVENT REVENUE

Gross receipts from special events recorded by the Organization consists of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09 during 2019, the Organization is required to separately present the components of this revenue.

	<u>2020</u>	<u>2019</u>
Contributions	\$ 71,271	\$ (16,000)
Cost of direct donor benefit	<u>4,781</u>	<u>16,000</u>
Special event revenue - gross	<u>\$ 76,052</u>	<u>\$ -</u>

NOTE K - COMMITMENTS AND CONTINGENCIES

The Organization is currently receiving grants, which may be subject to special compliance audits by the grantor agency. These audits may result in disallowed expenses. Disallowed expenses, if any, constitute a contingent liability of the Organization. The Organization believes it is operating in accordance with the grant agreement, and accordingly, a contingent liability is not reflected within the financial statements. The Organization does not believe contingent liabilities, if any, are material.

NOTE L - ECONOMIC DEPENDENCE

A significant part of the Organization's business is dependent on the receipt of support from state funding sources. Loss of these funds would have a material effect on the organization and a negative impact on overall operations. For the years ended December 31, 2020 and 2019, approximately 54% and 42% of total support and revenue, respectively, was attributable to the receipt of grant funding from the state and other grantor agencies and foundations.

NOTE M - OPERATING LEASE

The Organization renewed its office lease for a one year option through April 2021. Under the terms of the lease, monthly rental payments are \$2,539. Additionally, the landlord is giving an in-kind of \$1,387 per month for rent.

Future rent payments under this lease are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2021	<u>\$ 10,156</u>

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NOTE M - OPERATING LEASE, CONTINUED

For the years ended December 31, 2020 and 2019, total rent expense, under this lease was \$30,497 and \$29,879, respectively.

NOTE N - PAYCHECK PROTECTION PROGRAM

As a result of the Covid-19 pandemic, the Organization applied for a forgivable loan under the Paycheck Protection Program (PPP). The Organization received \$75,540 on April 29, 2020 from the PPP. The Organization met the loan forgiveness criteria and the loan was forgiven in full on November 17, 2020 and has been recognized as a contribution to the Organization on the statement of activities.

NOTE O - SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 30, 2021, the date on which the financial statements were available to be issued, and have noted the following subsequent events:

On January 29, 2021 the Organization received a second PPP loan, through the Consolidated Appropriations Act of 2021, in the amount of \$93,227, which the Organization believes will be forgiven.