

Lighthouse of Collier, Inc.
Financial Statements
Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

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Financial Statements

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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. (the "Organization") (a non-profit corporation), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities and changes in net assets, 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, 2021, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about 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.

Affiliations

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

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*By Appointment Only

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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgment, 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 2020 financial statements, and our report dated April 30, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it was derived.



Stroemer & Company, LLC
Fort Myers, Florida
May 16, 2022

Lighthouse of Collier, Inc.
Statements of Financial Position
December 31, 2021
With Comparative Totals for December 31, 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 588,353 | \$ 491,478 |
| Grants receivable | 70,136 | 50,424 |
| Prepaid expenses | 18,462 | 11,494 |
| Deposits | 3,050 | 3,050 |
| Total current assets | 680,001 | 556,446 |
| Property and equipment, net | 76,110 | 14,488 |
| Investments | 232,094 | 232,397 |
| Beneficial interest in assets held by others | 204,098 | 203,796 |
| Total assets | \$ 1,192,303 | \$ 1,007,127 |
| Liabilities and net assets | | |
| Current Liabilities | | |
| Accounts payable | \$ 26,493 | \$ 22,185 |
| Deferred revenue | 19,500 | 14,050 |
| Accrued liabilities | 10,963 | 9,457 |
| Total current liabilities | 56,956 | 45,692 |
| Net assets | | |
| Net assets without donor restrictions | 1,056,720 | 871,011 |
| Net assets with donor restrictions | 78,627 | 90,424 |
| Total net assets | 1,135,347 | 961,435 |
| Total liabilities and net assets | \$ 1,192,303 | \$ 1,007,127 |

The accompanying notes are an integral part of this statement.

Lighthouse of Collier, Inc.
Statements of Activities
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | 2021 Total | 2020 Total |
|--|----------------------------------|----------------------------|---------------------|-------------------|
| Changes in net assets | | | | |
| Support and revenue | | | | |
| Grant revenue | \$ - | \$ 596,759 | \$ 596,759 | \$ 508,933 |
| Contributions | 270,413 | - | 270,413 | 318,399 |
| Special event revenue, net of direct donor benefit | 34,124 | - | 34,124 | 71,271 |
| Client service revenue | 23,588 | - | 23,588 | 22,453 |
| In-kind donations | 17,305 | - | 17,305 | 16,640 |
| Other income | 7,500 | - | 7,500 | - |
| Investment income | 1,437 | - | 1,437 | 4,543 |
| Interest income | 681 | - | 681 | 751 |
| Total support and revenue | 355,048 | 596,759 | 951,807 | 942,990 |
| Net assets released from restrictions | | | | |
| Satisfaction of program restrictions | 608,556 | (608,556) | - | - |
| Total support, revenue and reclassifications | 963,604 | (11,797) | 951,807 | 942,990 |
| Expenses | | | | |
| Program expenses | 641,982 | - | 641,982 | 568,371 |
| Management and general | 75,528 | - | 75,528 | 66,868 |
| Fundraising | 60,385 | - | 60,385 | 52,187 |
| Total expenses | 777,895 | - | 777,895 | 687,426 |
| Change in net assets | 185,709 | (11,797) | 173,912 | 255,564 |
| Net assets at January 1 | 871,011 | 90,424 | 961,435 | 705,871 |
| Net assets at December 31 | <u>\$ 1,056,720</u> | <u>\$ 78,627</u> | <u>\$ 1,135,347</u> | <u>\$ 961,435</u> |

The accompanying notes are an integral part of this statement.

Lighthouse of Collier, Inc.
Statements of Functional Expenses
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

| | <u>Program expenses</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total 2021 expenses</u> | <u>Total 2020 expenses</u> |
|-----------------------|-----------------------------|-----------------------------------|-------------------------|--------------------------------|--------------------------------|
| Expenses: | | | | | |
| Salaries and benefits | \$ 467,884 | \$ 55,045 | \$ 27,523 | \$ 550,452 | \$ 500,318 |
| Occupancy | 43,805 | 5,154 | 2,577 | 51,536 | 49,393 |
| Other expenses | 25,763 | 3,031 | 1,516 | 30,310 | 28,322 |
| Program expenses | 23,598 | 2,776 | 1,388 | 27,762 | 9,561 |
| Supplies | 17,892 | 2,105 | 1,052 | 21,049 | 13,066 |
| Fundraising expense | - | - | 16,115 | 16,115 | 16,645 |
| Website | 14,029 | 1,651 | 825 | 16,505 | - |
| Telephone | 13,468 | 1,584 | 792 | 15,844 | 20,920 |
| Insurance | 10,626 | 1,250 | 625 | 12,501 | 7,181 |
| Travel | 8,126 | 956 | 478 | 9,560 | 7,325 |
| Advertising | - | - | 6,506 | 6,506 | 2,109 |
| Printing | 5,129 | 603 | 302 | 6,034 | 6,427 |
| Professional fees | 4,588 | 540 | 270 | 5,398 | 18,390 |
| Depreciation | 3,025 | 356 | 178 | 3,559 | 3,480 |
| Equipment rental | 2,656 | 313 | 156 | 3,125 | 3,473 |
| Postage and shipping | 978 | 115 | 58 | 1,151 | 467 |
| Background checks | 415 | 49 | 24 | 488 | 349 |
| Total expenses | <u>\$ 641,982</u> | <u>\$ 75,528</u> | <u>\$ 60,385</u> | <u>\$ 777,895</u> | <u>\$ 687,426</u> |

The accompanying notes are an integral part of this statement.

Lighthouse of Collier, Inc.
Statements of Cash Flows
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Cash collected from grantor agencies | \$ 577,047 | \$ 513,723 |
| Cash collected from contributions | 287,718 | 335,039 |
| Cash collected from special events | 39,574 | 83,371 |
| Cash collected from client services | 23,588 | 22,453 |
| Cash collected from other income | 7,500 | - |
| Interest income | 681 | 751 |
| Cash paid for programs and support | (775,490) | (681,144) |
| Net cash provided by operating activities | 160,618 | 274,193 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (65,181) | (1,169) |
| Proceeds from/(purchases of) beneficial interest in assets held by others | 1,135 | (31,746) |
| Proceeds from/(purchases of) investments | 303 | (2,886) |
| Net cash used in investing activities | (63,743) | (35,801) |
| Net cash increase in cash and cash equivalents | 96,875 | 238,392 |
| Cash and cash equivalents at beginning of year | 491,478 | 253,086 |
| Cash and cash equivalents at end of period | \$ 588,353 | \$ 491,478 |

The accompanying notes are an integral part of this statement.

Lighthouse of Collier, Inc.
Statements of Cash Flows (Continued)
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Reconciliation of changes in net assets to net cash provided by operating activities | | |
| Changes in net assets | \$ 173,912 | \$ 255,564 |
| Adjustments: | | |
| Unrealized gains | (1,437) | (4,543) |
| Depreciation | 3,559 | 3,480 |
| (Increase)/decrease in assets: | | |
| Grants receivable | (19,712) | 4,790 |
| Prepaid expenses | (6,968) | 3,100 |
| Deposits | - | (750) |
| Increase/(decrease) in liabilities: | | |
| Accounts payable | 4,308 | 910 |
| Accrued liabilities | 1,506 | (458) |
| Deferred revenue | 5,450 | 12,100 |
| Net cash provided by operating activities | \$ 160,618 | \$ 274,193 |
| Supplemental disclosure of non-cash activities, operating activities: | | |
| In-kind contributions of goods and services received | \$ 17,305 | \$ 16,640 |
| In-kind contributions of goods and services recognized | \$ (17,305) | \$ (16,640) |

The accompanying notes are an integral part of this statement.

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note A - Summary of Significant Accounting Policies

1. Description of activities

Lighthouse of Collier, Inc. (the "Organization") was established in 2009 as a Florida non-profit 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.

2. 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").

3. 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.

4. Cash and cash equivalents

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

5. 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.

6. 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. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note A - Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without restrictions at that time.

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.

7. 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 requires, 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 this topic for the years ended December 31, 2021 and 2020.

8. 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.

9. 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.

10. 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 as of December 31, 2021 and 2020 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note A - Summary of Significant Accounting Policies (continued)

Fair value of financial instruments (continued)

financial position.

11. Deferred revenue

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

12. Revenue recognition

Revenue from Exchange Transactions:

The Organization recognizes revenue from these types of transactions in accordance with 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 recorded the following exchange transaction revenue in its statements of activities for the years ended December 31, 2021 and 2020.

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 statement 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.

Revenue from Non-Exchange Transactions:

The Organization recognized revenue from these types of transactions in accordance with FASB 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 ended

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note A - Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

December 31, 2021 and 2020:

Contributions or grants from individuals and private organizations

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

Grants from governmental agencies

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.

13. 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 restrictions or net assets with donor restrictions 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.

14. 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 as 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, 2021 and 2020, the Organization recognized in income donations of goods and services totaling \$17,305 and \$16,640, 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

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note A - Summary of Significant Accounting Policies (continued)

Donated goods and services (continued)

therefore are not reflected in the financial statements.

15. 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 common to several functions are allocated by various statistical basis.

16. 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, 2021 and 2020 were \$6,506 and \$2,109, respectively.

17. 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 Organization's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Organization 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.

18. 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.

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note A - Summary of Significant Accounting Policies (continued)

19. 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, 2020, from which the summarized information was derived.

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 were as follows:

| | 2021 | 2020 |
|---|---------------------|-------------------|
| Cash and cash equivalents | \$ 588,353 | \$ 491,478 |
| Grants receivable | 70,136 | 50,424 |
| Investments | 232,094 | 232,397 |
| Beneficial interest in assets held by others | 204,098 | 203,796 |
| Less: restricted amounts | (78,627) | (90,424) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,016,054 | \$ 887,671 |

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 may not be available for general expenditure within on 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, 2021 and 2020 consisted of the following:

| | 2021 | 2020 |
|---------------------------------|-----------|-----------|
| Florida Department of Education | \$ 70,136 | \$ 50,424 |

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

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note D - Property and Equipment

Property and equipment included the following at December 31, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|--------------------------|-------------------------|-------------------------|
| Furniture and equipment | \$ 53,786 | \$ 53,786 |
| Donated equipment | 44,712 | 44,712 |
| Construction in progress | 65,181 | - |
| | <u>163,679</u> | <u>98,498</u> |
| Accumulated depreciation | <u>(87,569)</u> | <u>(84,010)</u> |
| | <u>\$ 76,110</u> | <u>\$ 14,488</u> |

Depreciation expense for the years ended December 31, 2021 and 2020 were \$3,559 and \$3,480, 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:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 assets 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, 2021 and 2020. The Organization had no financial liabilities as of December 31, 2021 and 2020.

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note E - Fair Value Measurements (continued)

| | Assets at Fair Value as of December 31, 2021 | | | |
|--|--|-------------|-------------------|-------------------|
| | (Level 1) | (Level 2) | (Level 3) | Total |
| Mutual funds | \$ 232,094 | \$ - | \$ - | \$ 232,094 |
| Beneficial interest in assets held by others | - | - | 204,098 | 204,098 |
| | \$ 232,094 | \$ - | \$ 204,098 | \$ 436,192 |

| | 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 |
| | \$ 232,397 | \$ - | \$ 203,796 | \$ 436,193 |

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:

| | 2021 | 2020 |
|-------------------------------------|-------------------|-------------------|
| Balance at beginning of year | \$ 203,796 | \$ 167,507 |
| Purchases | 100 | 42,322 |
| Realized and unrealized gain (loss) | 688 | (7,032) |
| Interest and dividends | 1,063 | 2,449 |
| Fees | (1,549) | (1,450) |
| Balance at end of year | \$ 204,098 | \$ 203,796 |

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:

| | 2021 | 2020 |
|--|------------------|------------------|
| Balance at beginning of year | \$ 14,050 | \$ 1,950 |
| Revenue recognized | (14,050) | (1,950) |
| Payments received for future performance obligations | 19,500 | 14,050 |
| Balance at end of year | \$ 19,500 | \$ 14,050 |

Lighthouse of Collier, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2021
With Comparative Totals for December 31, 2020

Note G - Net Assets

Net assets consisted of the following at December 31, 2021 and 2020

| | 2021 | 2020 |
|--|---------------------|-------------------|
| With donor restrictions: | | |
| Beneficial interest in assets held by others | \$ 5,000 | \$ 5,000 |
| Accounts receivable | - | 50,424 |
| Contributions for building fund | 73,627 | 35,000 |
| | \$ 78,627 | \$ 90,424 |
| | | |
| Without donor restrictions: | | |
| Undesignated | \$ 1,056,720 | \$ 871,011 |

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 as follows for the years ended December 31:

| | 2021 | 2020 |
|---|-------------------|-------------------|
| Expenditure for specific purpose accomplished: | | |
| Grants and contributions | \$ 608,556 | \$ 513,723 |

Note I - Special Event Revenue

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

Gross special event revenue was as follows for the years ended December 31,:

| | 2021 | 2020 |
|--------------------------------------|------------------|------------------|
| Contributions | \$ 34,124 | \$ 71,271 |
| Cost of direct donor benefit | 2,661 | 4,781 |
| Special event revenue - gross | \$ 36,785 | \$ 76,052 |

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Note J - 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, 2021 and 2020.

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, 2021 and 2020, approximately 63% and 54% 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 Leases

The Organization renewed its office lease for a one-year option through April 2022. Under the terms of the lease, monthly rental payments are \$2,691. Additionally, the landlord is giving an in-kind donation of \$1,470 per month for rent.

The Organization entered into a new 5-year lease agreement for office space. The lease agreement calls for annual base rent of \$72,828 and will increase by 2.25% each year.

Future rent payments under this lease are as follows:

| <u>For the year ending December 31,</u> | |
|---|--------------------------|
| 2022 | \$ 77,523 |
| 2023 | 74,335 |
| 2024 | 76,001 |
| 2025 | 77,713 |
| 2026 | 79,462 |
| Thereafter | 6,634 |
| | <u><u>\$ 391,668</u></u> |

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Note M -Operating Leases (continued)

For the years ended December 31, 2021 and 2020, total rent expense under these leases was \$31,685 and \$30,497, 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 \$93,227 on January 29, 2021 from the PPP. The Organization met the loan forgiveness criteria and the loan was forgiven in full on August 2, 2021 and has been recognized as a contribution to the Organization on the statements of activities for the year ended December 31, 2021.

Note O -401(k) Plan

Employees who have been employed for at least three months are eligible to participate in the Organization's 401(k) Plan. Under the plan, the Organization contributes a matching contribution equal to 100% of the employees' deferrals which do not exceed two percent (2%) of the employees compensation.

Total contributions to the 401(k) Plan for the years ended December 31, 2021 and 2020 were \$8,628 and \$6,343, respectively.

Note P - Subsequent Events

Management has assessed subsequent events through May 16, 2022, the date on which the financial statements were available to be issued.