

Lighthouse of Broward County, Inc.

Financial Report

June 30, 2011

Lighthouse of Broward County, Inc.

June 30, 2011

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**Independent Auditors' Combined Report On The
Basic Financial Statements And The Schedule of Expenditures of
Federal Awards And State Assistance**

August 31, 2011

Board of Directors
Lighthouse of Broward County

We have audited the accompanying statement of financial position of Lighthouse of Broward County, Inc. (a Florida not-for-profit corporation) as of June 30, 2011, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the management of Lighthouse of Broward County, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse of Broward County, Inc., as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2011 on our consideration of Lighthouse of Broward County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying schedule of expenditures of federal awards and state assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Coats & Associates, P.A.

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Lighthouse of Broward County, Inc.

Statement of Financial Position

June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Assets</u>			
Cash and Equivalents	\$ 261,978	\$ -	\$ 261,978
Endowment Fund	3,554,710	264,449	3,819,159
Accounts Receivable	93,718	-	93,718
Prepaid Expenses	14,176	-	14,176
Property & Equipment - net of depreciation	517,751	-	517,751
Total Assets	<u>\$4,442,333</u>	<u>\$ 264,449</u>	<u>\$4,706,782</u>
<u>Liabilities and Net Assets</u>			
Accounts Payable	\$ 6,455	\$ -	\$ 6,455
Accrued Expenses	127,406	-	127,406
Total Liabilities	<u>133,861</u>	<u>-</u>	<u>133,861</u>
Net Assets:			
Unrestricted	4,308,472	-	4,308,472
Temporarily Restricted	-	264,449	264,449
Total Net Assets	<u>4,308,472</u>	<u>264,449</u>	<u>4,572,921</u>
Total Liabilities and Net Assets	<u>\$4,442,333</u>	<u>\$ 264,449</u>	<u>\$4,706,782</u>

Lighthouse of Broward County, Inc.

Statement of Activities
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
<u>Support and Revenue</u>			
Bequests	\$ 34,415	\$ -	\$ 34,415
Government Grants and Contracts	5,058	1,092,285	1,097,343
United Way of Broward County	823	92,500	93,323
Corporate/Foundations	34,160	180,464	214,624
Contributions	81,555	-	81,555
In-kind Donations	-	7,550	7,550
Special Events and Other Revenue	71,874	-	71,874
Total Support	<u>227,885</u>	<u>1,372,799</u>	<u>1,600,684</u>
Interest and Dividends	142,484	-	142,484
Realized and Unrealized Gains and Losses	285,908	-	285,908
Total Revenue	<u>428,392</u>	<u>-</u>	<u>428,392</u>
Total Support and Revenue	656,277	1,372,799	2,029,076
Net Assets Released From Restrictions	1,406,130	(1,406,130)	-
Total Support, Revenue, and Reclassifications	<u>2,062,407</u>	<u>(33,331)</u>	<u>2,029,076</u>
<u>Expenses</u>			
Program Services:			
Adult Programs	1,091,840	-	1,091,840
Children's Services	206,608	-	206,608
Total Program Services	<u>1,298,448</u>	<u>-</u>	<u>1,298,448</u>
Supporting Services:			
Management and General	131,784	-	131,784
Fund Raising	259,681	-	259,681
Total Supporting Services	<u>391,465</u>	<u>-</u>	<u>391,465</u>
Total Expenses	<u>1,689,913</u>	<u>-</u>	<u>1,689,913</u>
Changes in Net Assets	372,494	(33,331)	339,163
Net Assets - Beginning of Year	3,935,978	297,780	4,233,758
Net Assets - End of Year	<u>\$4,308,472</u>	<u>\$ 264,449</u>	<u>\$4,572,921</u>

See accompanying notes.

Lighthouse of Broward County, Inc.

Statement of Cash Flows

Year Ended June 30, 2011

Cash Flows From Operating Activities:

Increase in net assets \$ 339,163

Adjustments to reconcile changes in net assets to net cash provided by operation activities:

Depreciation	62,721
Donations in kind	(73,901)
Decrease in accounts receivable	9,362
Decrease in prepaid expenses	6,440
Decrease in accounts payable	(25,603)
Increase in accrued expenses	38,172
Total Adjustments	<u>17,191</u>

Net cash provided by operating activities 356,354

Cash Flow From Investing Activities:

Purchase of fixed assets	(12,785)
Net increases in endowment fund	<u>(409,447)</u>

Net cash used in investing activities (422,232)

Net increase in cash and cash equivalents (65,878)

Cash and cash equivalents - beginning of year 327,856

Cash and cash equivalents - end of year \$ 261,978

Lighthouse of Broward County, Inc.

Statement of Functional Expenses

Year Ended June 30, 2011

	Adult	Children	Program Exp. Subtotal	Management General	Fund Raising	Support Svc. Subtotal	Total Expenses
Salaries	\$ 662,814	\$ 81,921	\$ 744,735	\$ 77,207	\$ 120,760	\$ 197,967	\$ 942,702
Temporary Employees	100,211	16,313	116,524	-	-	-	116,524
Agency Temps	9,110	1,483	10,593	1,317	1,168	2,485	13,078
Workers' Compensation	7,911	1,620	9,531	1,775	1,574	3,349	12,880
Employee Benefits	66,847	10,882	77,729	4,664	9,053	13,717	91,446
Payroll Taxes	47,646	9,759	57,405	7,124	9,067	16,191	73,596
Payroll Processing	3,068	585	3,653	513	578	1,091	4,744
Staff Recruitment/Screening	335	42	377	5	11	16	393
Total	897,942	122,605	1,020,547	92,605	142,211	234,816	1,255,363
Accreditation	4,610	1,456	6,066	337	412	749	6,815
Building Supplies/Maint.	19,188	3,124	22,312	1,378	2,559	3,937	26,249
Client Database Maintenance	6,161	2,165	8,326	-	-	-	8,326
Client Events & Activities	13,816	33,827	47,643	-	-	-	47,643
Computer Consultant	14,407	2,345	16,752	1,005	1,951	2,956	19,708
Conferences	5,206	274	5,480	564	1,785	2,349	7,829
Educational Supplies	5,001	2,043	7,044	-	-	-	7,044
Alumni Club Expense	-	-	-	-	2,956	2,956	2,956
In Kind Donations	2,122	-	2,122	-	-	-	2,122
Dues & Memberships	1,861	2,570	4,431	1,668	1,958	3,626	8,057
Equipment Expense	11,464	1,563	13,027	1,173	6,156	7,329	20,356
Insurance	15,199	2,474	17,673	6,616	2,089	8,705	26,378
Investment Fees	-	-	-	18,473	-	18,473	18,473
Marketing/Public Relations	-	-	-	-	48,476	48,476	48,476
Office & Miscellaneous	5,833	950	6,783	1,240	1,398	2,638	9,421
Printing & Postage	1,649	1,244	2,893	194	19,169	19,363	22,256
Professional Fees	5,580	908	6,488	344	8,256	8,600	15,088
Telephone	4,900	798	5,698	342	664	1,006	6,704
Travel	9,597	7,852	17,449	48	129	177	17,626
Vehicle Expense	9,343	1,274	10,617	34	73	107	10,724
Utilities	16,124	2,625	18,749	1,125	2,184	3,309	22,058
Other Expenses	2,649	505	3,154	2,154	12,212	14,366	17,520
Total	1,052,652	190,602	1,243,254	129,300	254,638	383,938	1,627,192
Depreciation	39,188	16,006	55,194	2,484	5,043	7,527	62,721
Total Expenses	\$ 1,091,840	\$ 206,608	\$ 1,298,448	\$ 131,784	\$ 259,681	\$ 391,465	\$ 1,689,913

Lighthouse of Broward County, Inc.

Schedule of Expenditures of Federal Awards

and State Financial Assistance

Year Ended June 30, 2011

Major programs passed through the
State of Florida Department of Education,
Division of Blind Services:

	<u>Title</u>	<u>Contract Number</u>	<u>Expenditures</u>
Federal Programs			
Vocational Rehabilitation	Job Readiness	10-980	\$ 81,906
Independent Living Adult Program	Stimulus	10-593	66,286
Social Services Block Grant	Public Awareness	10-989	51,523
Total Federal Programs			<u>199,715</u>
State Programs			
Vocational Rehabilitation	General Revenue	11-542	347,568
Independent Living Adult Program	General Revenue	11-528	197,400
Early Intervention	General Revenue	11-513	51,129
Transitional Programs	General Revenue	10-555	228,000
Assistive Technology for VR Clients	In-Kind Equipment		68,473
Total State Programs			<u>892,570</u>
Total State and Federal Programs			<u>\$ 1,092,285</u>

Lighthouse of Broward County, Inc.

Notes to Financial Statements

Year Ended June 30, 2011

Note 1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Lighthouse of Broward County, Inc. (the "Lighthouse"), is a not-for-profit organization dedicated to providing rehabilitative and social services to blind and visually impaired individuals of Broward County.

Basis of Accounting

The financial statements of the Lighthouse have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its "Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the Lighthouse is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Lighthouse considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at cost, less accumulated depreciation on buildings and equipment. Depreciation is computed using the straight-line method over the estimated useful life of the related assets. The Lighthouse's capitalization policy is to capitalize all property and equipment that costs in excess of \$750.

Lighthouse of Broward County, Inc.

Notes to Financial Statements

Year Ended June 30, 2011

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Income Taxes

The Lighthouse is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made.

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose for a restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Bequests

Bequests in wills are intentions to give. Intentions to give are not recorded in the Statement of Activities until the court validates the will after the donor's death and the beneficiary's interest can be reasonably estimated.

Concentrations of Credit Risk

Financial instruments that potentially subject the Lighthouse to concentrations of credit risk consist of accounts receivable, temporary cash investments, and marketable securities. The Lighthouse maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Functional Expenses

The Lighthouse allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly, according to their natural expenditures classification. Other expenses that are common to several functions are allocated by various statistical methods.

Lighthouse of Broward County, Inc.

Notes to Financial Statements

Year Ended June 30, 2011

Donated Services

Numerous volunteers, including peer volunteers, have provided approximately 4,320 hours of time to provide program services. Management estimates the fair value of those services to be approximately \$77,760. The value of such services is not reflected in the financial statements because they did not meet the criteria for recognition under SFAS No. 116.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and results of operations. Actual results could differ from those estimates.

Note 2. **Endowment Fund Investments**

The Board of Directors of the Lighthouse has voted to adopt a fiscal policy establishing a permanent endowment fund. This fund is to serve as a focal point for fund raising efforts and to provide income for the benefit of the Lighthouse. Unless otherwise designated by the donor, a two-thirds vote of the Board of Directors, or for maintenance of the reserve fund, all bequests and devises will be deposited into the fund. The balance of the fund shall not be permitted to drop below \$500,000. The balance in the fund at June 30, 2011, is \$3,819,159.

The endowment fund carries investments in marketable debt and equity securities with readily determinable fair values in the statement of position. Unrealized gains and losses are included in the accompanying statement of activities.

Investments as of June 30, 2011, were comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Debt and Equity Securities	\$3,107,346	\$3,553,045	\$ 445,699
Money Market Funds	<u>266,114</u>	<u>266,114</u>	<u>-</u>
Total	<u>\$3,373,460</u>	<u>\$3,819,159</u>	<u>\$ 445,699</u>

Lighthouse of Broward County, Inc.

Notes to Financial Statements

Year Ended June 30, 2011

Note 3. Property and Equipment

Property and equipment are stated at cost and consist of the following:

Land and Improvements	\$ 188,092
Building and Improvements	689,421
Sensory Garden and Parking Lot	113,643
Furniture and Equipment	284,302
Transportation Vehicle	58,015
Donated Equipment	<u>73,901</u>
Total	1,407,374
Accumulated Depreciation	<u>(889,623)</u>
Net Cost	<u>\$ 517,751</u>

Note 4. Accounts Receivable

As of June 30, 2011, accounts receivable consist of the following:

Division of Blind Services	\$ 93,000
City of Plantation	468
Other Accounts Receivable	<u>250</u>
	<u>\$ 93,718</u>

Note 5. Community Foundation of Broward

An endowment fund has been established with the Community Foundation of Broward. Distributions from this endowment fund can be received by the Lighthouse upon written request after three-quarters vote of a quorum of the Board of Directors. The balance in the fund at June 30, 2011, is \$20,566.

Lighthouse of Broward County, Inc.

Notes to Financial Statements

Year Ended June 30, 2011

Note 6. Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

New building	\$ 250,051
Alumni and teachers	4,741
Security	3,648
Low vision exams	3,209
Pulaski equipment grant	<u>2,800</u>
	<u>\$ 264,499</u>

At June 30, 2011, there are no assets with permanent restrictions.

Note 7. Government Grants and Contracts

Included in the statement of activities is funding from the following sources:

Division of Blind Services	\$ 1,092,285
Local City Governments	<u>5,058</u>
	<u>\$ 1,097,343</u>

Note 8. Fair Value Measurement

The Lighthouse has adopted SFAS No. 157 "Fair Value Measurements." SFAS No. 157 applies to all financial instruments that are measured and reported on a fair value basis. Financial assets carried at fair value will be classified and disclosed in one of the following categories:

Level 1 – Quoted market prices in active markets for identical assets.

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Includes significant inputs to the valuation methodology that are unobservable and may include assumptions about market participant assumptions.

Lighthouse of Broward County, Inc.

Notes to Financial Statements

Year Ended June 30,2011

Note 8. Fair Value Measurement (continued)

The following table presents the financial instruments carried at fair value as of June 30, 2011, by the SFAS 157 valuation hierarchy, as described above.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and equivalents	\$ 261,978	\$ -	\$ -	\$ 261,978
Marketable equity and debt securities	3,553,045			3,553,045
Money market funds	266,114		-	266,114
Total assets at fair value	<u>\$4,081,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,081,137</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY OMB CIRCULAR A-133

August 31, 2011

The Board of Directors
Lighthouse of Broward County, Inc.

We have audited the financial statements of Lighthouse of Broward County, Inc., as of June 30, 2011 and have issued our report thereon dated August 31, 2011. We have also audited the Organization's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated August 31, 2011.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance programs and not to provide assurance on the internal control structure.

The management of Lighthouse of Broward County, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use of disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report we have classified these significant internal control structure policies and procedures in the following categories:

- Cash/Investments
- Revenue/Receipts/Accounts Receivable
- Payroll/Purchases/Disbursements/Payable
- Debt and Other Liabilities
- Property and Equipment
- Net Assets
- Federal Financial Assistance Programs

For all the internal control structure categories listed above, we obtained an understanding of the design of relevant polices and procedures and determined whether they have been placed in operation, and we have assessed control risk.

During the year ended June 30, 2011, Lighthouse of Broward County, Inc. expended all of its federal financial assistance under major federal financial assistance programs.

We performed test of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Organization's major federal financial assistance programs, which are identified in the accompanying schedule of federal awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or that noncompliance with laws and regulations that would be material to a federal assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted no matters involving the internal control structure and its operations that we considered to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and grantors. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

August 31, 2011

Board of Directors
Lighthouse of Broward County, Inc.

We have audited the financial statements of Lighthouse of Broward County Inc. as of June 30, 2011, and for the year then ended, and have issued our report thereon dated August 31, 2011.

We have also audited Lighthouse of Broward County Inc.'s compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of federal awards, for the year ended June 30, 2011. The management of Lighthouse of Broward County, Inc. is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Lighthouse of Broward County, Inc. complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 2011.


Coats & Associates, P.A.