

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

CONSOLIDATED FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Miami Lighthouse for the Blind and Visually Impaired, Inc. (the "Lighthouse") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Lighthouse as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lighthouse and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2023 on our consideration of the Lighthouse's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lighthouse's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lighthouse's internal control over financial reporting and compliance.

*Verdeja DeArmas Trujillo & Alvarez, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
July 26, 2023

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents (including restricted cash of \$2,213,912 and \$1,111,977 and deferred revenues of \$2,096,604 and \$1,822,085 at December 31, 2022 and 2021, respectively)	\$ 7,029,864	\$ 3,684,321
Cash segregated for construction	1,133,899	1,525,946
Accounts receivable, net	1,492,659	695,875
Prepaid expenses and other assets	248,238	222,982
Contributions receivable, net, partially restricted	657,915	852,422
Beneficial interest in irrevocable trusts	279,761	279,761
Investment securities, partially restricted	29,105,569	37,831,922
Property and equipment, net	20,909,447	21,305,249
Note receivable - New Markets Tax Credit 2020	<u>5,735,700</u>	<u>5,735,700</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 66,593,052</u></u>	<u><u>\$ 72,134,178</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 790,968	\$ 556,564
Deferred revenues	2,096,604	1,882,085
Note payable	1,500,000	1,500,000
Notes payable - New Markets Tax Credit 2020, net	<u>8,348,278</u>	<u>8,322,378</u>
<b>TOTAL LIABILITIES</b>	<u>12,735,850</u>	<u>12,261,027</u>
<b>NET ASSETS</b>		
Without donor restrictions (including quasi-endowment of \$7,224,240 and \$10,087,284 at December 31, 2022 and 2021, respectively)	29,437,877	25,624,709
With donor restrictions	<u>24,419,325</u>	<u>34,248,442</u>
<b>TOTAL NET ASSETS</b>	<u>53,857,202</u>	<u>59,873,151</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 66,593,052</u></u>	<u><u>\$ 72,134,178</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT:						
Bequests, legacies and trust income	\$ 153,383	\$ -	\$ 153,383	\$ 450,399	\$ -	\$ 450,399
Contributions, net	2,033,217	2,451,425	4,484,642	1,769,124	8,611,690	10,380,814
In-kind contributions	238,700	-	238,700	259,861	-	259,861
Grant funding, including funds from Miami-Dade County	5,458,808	-	5,458,808	4,987,665	-	4,987,665
Change in beneficial interest in irrevocable trusts	-	-	-	-	37,208	37,208
Gain on forgiveness of Paycheck Protection Program loan	-	-	-	987,360	-	987,360
Other revenues	816,236	-	816,236	776,222	-	776,222
Other income	575,957	-	575,957	-	-	-
Special event	-	325,231	325,231	-	129,695	129,695
Net assets released from restrictions:						
Satisfaction of program restrictions and transfer of restriction	8,544,643	(8,544,643)	-	1,083,593	(1,083,593)	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	<u>17,820,944</u>	<u>(5,767,987)</u>	<u>12,052,957</u>	<u>10,314,224</u>	<u>7,695,000</u>	<u>18,009,224</u>
EXPENSES:						
Vision rehabilitation program	557,141	-	557,141	552,751	-	552,751
Alternative rehabilitation services	1,081,022	-	1,081,022	984,488	-	984,488
Transition services and vocational training program	1,255,543	-	1,255,543	1,275,211	-	1,275,211
Early intervention/Pre-K through 2nd grade	4,724,013	-	4,724,013	4,223,387	-	4,223,387
Heiken children's vision program	2,997,810	-	2,997,810	2,531,159	-	2,531,159
Administrative and general	1,034,514	-	1,034,514	908,346	-	908,346
Development	882,815	-	882,815	787,876	-	787,876
TOTAL EXPENSES	<u>12,532,858</u>	<u>-</u>	<u>12,532,858</u>	<u>11,263,218</u>	<u>-</u>	<u>11,263,218</u>
CHANGES IN NET ASSETS, before investment gains (losses), net	5,288,086	(5,767,987)	(479,901)	(948,994)	7,695,000	6,746,006
Investment (loss) gain, net	<u>(1,474,918)</u>	<u>(4,061,130)</u>	<u>(5,536,048)</u>	<u>1,083,160</u>	<u>2,155,121</u>	<u>3,238,281</u>
CHANGES IN NET ASSETS	3,813,168	(9,829,117)	(6,015,949)	134,166	9,850,121	9,984,287
NET ASSETS - BEGINNING OF YEAR	<u>25,624,709</u>	<u>34,248,442</u>	<u>59,873,151</u>	<u>25,490,543</u>	<u>24,398,321</u>	<u>49,888,864</u>
NET ASSETS - END OF YEAR	<u>\$ 29,437,877</u>	<u>\$ 24,419,325</u>	<u>\$ 53,857,202</u>	<u>\$ 25,624,709</u>	<u>\$ 34,248,442</u>	<u>\$ 59,873,151</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services					Supporting Services		
	Vision rehabilitation/ Independent living	Alternative rehabilitation services	Transition & vocational services	Early Intervention/ Pre-K through 2nd grade	Heiken children's vision services	Administrative and general	Development	Total expenses
Payroll and related expenses	\$ 304,365	\$ 774,051	\$ 868,918	\$ 2,459,054	\$ 902,168	\$ 572,837	\$ 507,552	\$ 6,388,945
Office and program supplies	31,532	74,431	82,456	250,712	198,601	7,488	15,563	660,783
Occupancy	54,493	68,538	143,906	257,202	53,441	45,789	7,480	630,849
Transportation	94,091	36,511	81,251	131,347	141,947	2,560	264	487,971
Insurance	-	-	-	205,925	-	98,601	-	304,526
Professional fees and contract services	24,182	43,426	39,435	581,245	1,293,503	172,622	227,837	2,382,250
Public and community relations	24,436	55,298	8,384	75,309	58,040	23,902	104,119	349,488
Other	-	-	-	-	265,754	25,900	-	291,654
In-kind expense	16,858	17,043	18,167	134,290	52,342	-	-	238,700
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>549,957</b>	<b>1,069,298</b>	<b>1,242,517</b>	<b>4,095,084</b>	<b>2,965,796</b>	<b>949,699</b>	<b>862,815</b>	<b>11,735,166</b>
Depreciation of property and equipment	7,184	11,724	13,026	628,929	32,014	84,815	20,000	797,692
<b>TOTAL EXPENSES</b>	<b>\$ 557,141</b>	<b>\$ 1,081,022</b>	<b>\$ 1,255,543</b>	<b>\$ 4,724,013</b>	<b>\$ 2,997,810</b>	<b>\$ 1,034,514</b>	<b>\$ 882,815</b>	<b>\$ 12,532,858</b>

The accompanying notes are an integral part of these consolidated financial statements.



**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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

The accompanying notes are an integral part of these consolidated financial statements.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (6,015,949)	\$ 9,984,287
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	797,692	577,024
Amortization of debt issuance costs	25,900	25,900
Gain on forgiveness of Paycheck Protection Program loan	-	(987,360)
Gain on sale of assets	-	(68,738)
Change in beneficial interest in irrevocable trusts	-	(37,208)
Change in discount on contributions receivable	54,209	61,549
Net loss (gain) on investments	6,417,557	(2,541,456)
(Increase) decrease in assets:		
Accounts receivable	(796,784)	(217,187)
Prepaid expenses and other assets	(25,256)	13,952
Contributions receivable, net	140,298	(389,324)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	234,404	(49,000)
Direct services deferred revenues	214,519	1,365,303
TOTAL ADJUSTMENTS	7,062,539	(2,246,545)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,046,590	7,737,742
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	129,045
Purchase of property and equipment	(401,890)	(8,146,833)
Net proceeds from sale (purchase) of investment securities	2,308,796	(5,842,125)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	1,906,906	(13,859,913)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from New Market Tax Credit	-	-
Payments on line of credit	-	(2,492,000)
Proceeds from note payable	-	1,500,000
NET CASH (USED IN) FINANCING ACTIVITIES	-	(992,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,953,496	(7,114,171)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,210,267	12,324,438
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,163,763	\$ 5,210,267
DISPLAYED AS:		
Cash and cash equivalents	\$ 7,029,864	\$ 3,684,321
Cash segregated for construction	1,133,899	1,525,946
Total cash and cash equivalents	\$ 8,163,763	\$ 5,210,267

The accompanying notes are an integral part of these consolidated financial statements.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

*Miami Lighthouse for the Blind and Visually Impaired, Inc. (the “Lighthouse”)* is a nonprofit corporation established under the laws of the State of Florida. Through education, training, research and vision enhancement, Miami Lighthouse for the Blind and Visually Impaired, Inc. provides hope, confidence, and independence to people of all ages. Fifty percent of funding is provided by government contracts, and foundations, donor contributions, corporations, and other income fund the remaining 50%.

The consolidated financial statements of the Lighthouse include the following entities related through common control:

*The Florida Heiken Children’s Vision Program, LLC* was organized as a Florida limited liability company on September 9, 2010 to provide eye examinations and glasses when prescribed to under-served school children throughout Florida using standards and guidelines of the American Optometric Association (AOA). The accounts of this company are included and presented along with the Lighthouse on the accompanying supplemental consolidating statements of financial activities and operations.

*The New Miami Lighthouse Learning Center, Inc. (“NML”)* was incorporated in 2020 as a Florida not-for-profit corporation for the purpose of acquiring, developing and leasing grounds for charitable purposes. Furthermore, NML holds assets that have been transferred from the Lighthouse, as required due to the structure of the 2020 New Market Tax Credit (“NMTC”) transaction. As a result of this asset transfer, NML is included in the consolidated financial statements.

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

The Lighthouse has been consistently evaluated by Charity Navigator as a 4-star charity, the highest rating possible from Charity Navigator for sound fiscal management and commitment to accountability and transparency, thus ranking among the top 1% of the 9,000 nonprofits in the U.S. rated by this national evaluator. The Lighthouse also received perfect 100 scores on the new Charity Navigator Encompass Beacons for Leadership and Adaptability, which provides an assessment of our organization’s leadership capacity, strategic thinking and planning, and ability to innovate or respond to changes in constituent demand/need or other relevant social and economic conditions to achieve our mission, and in 2022 for Culture and Community, which provides an assessment of our organization’s culture and connectedness to the community we serve.

In 2003, the national agenda for the education of children with visual impairments, including those with multiple disabilities, was revised and included a referral system to appropriate quality educational programs. Following the legislative call to action, Miami Lighthouse launched its Early Intervention Program for Blind Babies. The program is a home visitation program intended to support the needs of children with vision impairment from birth to five-years-old and their families who are mainly low income and from diverse geographic, economic, and ethnic backgrounds. The Lighthouse Learning Center for Children<sup>TM</sup> (changed to Miami Lighthouse Academy, LLC in 2021) is a Pre-Kindergarten for ages one through four. Kindergarten and First Grade launched in the 2020/21 academic year, and a Second Grade was added in the fall of 2021.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Nature of Organization (Continued)**

Vision rehabilitation, vocational rehabilitation and low vision services are provided to teenagers and adults from our state-of-the-art instructional classrooms and our computer laboratories. During 2021, the COVID-19 global health crisis continued, however, many clients and students were back to on-campus learning; more than 21,000 program enrollees participated in our programs. During 2022, over 24,000 participants, 18,000 children and 6,000 adults, participated in our programs. When considering our impact on families, nearly 75,000 people were impacted by our program outcomes. Our innovative programming removes barriers to education, jobs and critical eye care and unlocks the power of the internet and technology. No one's potential should be defined by ability, age, zip code, income, race or ethnicity.

**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Miami Lighthouse for the Blind and Visually Impaired, Inc. The Florida Heiken Children's Vision Program, LLC, The New Miami Lighthouse Learning Center, Inc. and the Miami Lighthouse Learning Academy, LLC, collectively known as the "Lighthouse". All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**Subsequent Events**

The Lighthouse has evaluated subsequent events through July 26, 2023, which is the date the financial statements were available to be issued.

**Basis of Accounting and Presentation**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") promulgated by the Financial Accounting Standards Board Accounting Standards Codification ("ASC"). Consequently, the Lighthouse's resources are classified and reported in the accompanying financial statements as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restriction – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class.

Net assets with donor restriction – include those net assets whose use by the Lighthouse has been limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations. See Note 7.

**Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at their net realizable value and consist of amounts due from various government agencies for reimbursable costs incurred and accrued and other third parties. The Lighthouse maintains allowances for doubtful accounts based on management's assessment of collectability through a charge to earnings and a credit to a valuation allowance. The allowance for doubtful accounts totaled \$50,387 and \$55,231 as of December 31, 2022 and 2021, respectively.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions Receivable, Net**

Contributions receivable are accounted for at the present value of estimated future cash flows. During the years ended December 31, 2022 and 2021, a discount rate of 5% was used based on management's estimate of its borrowing base during the fiscal year. The discounted future cash flows approximates fair value. See Note 4.

**Split-Interest Agreements**

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

A contribution is recorded at the time of the gift as the difference between the fair value of the assets received and the liabilities incurred in the exchange portion of the agreement for these irrevocable transfers of assets. The assets related to these trusts are separately identified in the accompanying statements of financial positions as "beneficial interest in irrevocable trusts" and are included as net assets with donor restrictions.

**Investment Securities**

The Lighthouse reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices. Investments measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy. See Note 3.

**Property and Equipment, Net**

Property and equipment are stated at cost, or if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for property and equipment in excess of \$2,000 are capitalized.

Useful lives are as follows:

Buildings and improvements	20-39 years
Furniture and equipment	5-10 years
Automotive equipment	3 years

**Revenue and Revenue Recognition**

Contributions

The Lighthouse recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized as revenue until the conditions on which they depend have been met.

Consequently, at December 31, 2022 and 2021, conditional contributions approximating \$1,695,000 and \$1,822,000, respectively, are included as deferred revenue in the accompanying statements of financial position as they were received in advance of the Lighthouse meeting the condition(s) on which they depend for revenue recognition. The total conditional contributions at December 31, 2022 and 2021 depend on measurable performance or other barriers and a right of return.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue and Revenue Recognition (Continued)**

Contributions (Continued)

Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions. The Lighthouse accounts for donor-restricted contributions, for which the restrictions are met in the same reporting period as they are received, as net assets without donor restrictions.

Grant funding

Grant funding is derived from cost-reimbursable federal, state or local contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Lighthouse has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Refundable advances as of December 31, 2022 totaled approximately \$400,000. There were no refundable advances as of December 31, 2021.

Other income

A portion of the Lighthouse's revenue is derived from contracts with customers to transfer promised goods or services. The majority of these contracts do not contain variable consideration and contract modifications are generally minimal. Revenue is recognized as performance obligations are met. These arrangements generally consist of single performance obligations or obligations that are satisfied within one year or less. There were no significant contract receivables or liabilities related to other income as of December 31, 2022 and 2021.

**Concentrations of Credit Risk**

Financial instruments, which potentially subject the Lighthouse to concentrations of credit risk, consist primarily of cash and cash equivalents maintained in financial institutions in excess of the FDIC insured limit of \$250,000. Cash and cash equivalent balances exceeding the FDIC insured limit was approximately \$7,000,000 and \$4,800,000 as of December 31, 2022 and 2021, respectively. The Lighthouse has not experienced and does not expect to incur any losses in such accounts.

**Cash Segregated for Construction**

Cash segregated for construction includes amounts segregated by the Lighthouse for the construction of the classroom expansion project in connection with the New Market Tax Credit transaction, totaling \$843,774 and \$1,178,820 at December 31, 2022 and 2021, respectively. Cash segregated for construction also includes cash to fund interest and fees associated with the 2020 New Market Tax Credit transaction, totaling \$290,125 and \$347,124 at December 31, 2022 and 2021, respectively.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

The Lighthouse is exempt from income tax under Section 501(c) (3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Lighthouse qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes (Continued)**

There are no reserves held for uncertain tax positions at December 31, 2022 and 2021, respectively. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Lighthouse is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2019.

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

**New Accounting Pronouncement Adopted**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial assets*, requiring an entity to present contributed financial assets as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. ASU 2020-07 includes additional disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The standard was adopted effective January 1, 2022 and was applied on a retrospective basis. See Note 14.

**NOTE 2 – INVESTMENT SECURITIES**

Fair value of investment securities at December 31, 2022 and 2021, are summarized as follows:

	2022	2021
Equity securities	\$ 15,424,522	\$ 23,699,348
Fixed income	13,261,580	13,528,311
Real estate funds	419,467	604,263
	<u>\$ 29,105,569</u>	<u>\$ 37,831,922</u>

Short-term pooled investments are classified as cash and cash equivalents on the statement of financial position and totaled \$4,945,313 and \$2,240,851 as of December 31, 2022 and 2021, respectively.

The Lighthouse's investment income(loss), including income earned on cash deposits, consisted of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Net realized/unrealized (losses) gains	\$ (6,417,557)	\$ 2,541,456
Interest and dividends, net	881,509	696,825
	<u>\$ (5,536,048)</u>	<u>\$ 3,238,281</u>

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**NOTE 3 – FAIR VALUE MEASUREMENTS**

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Lighthouse has the ability to access.

Level 2            Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

**Items Measured at Fair Value on a Recurring Basis**

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

Following is a depiction of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

The Equity Portfolio consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded. Investments in equity funds may also include investments in which fair values may be based on the NAV of the fund.



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**NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)**

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

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. Those investments are valued at the closing price reported in the active market in which the individual securities are traded. Investments in fixed income may also include investments in which fair values may be based on the NAV of the fund.

The Real Estate Investment Fund Portfolio invests in equity securities of real estate companies and real estate related companies. These investments are valued at the closing price reported in the active market in which the individual securities are traded. Certain of these funds are traded at net asset value, which approximates fair value.

Investments held in trust are recorded based on the quoted market prices for the underlying investments, less expected payouts to other beneficiaries over the life of the trust as discounted to present value. This value is considered to approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Lighthouse believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no financial liabilities measured at fair value on a recurring or non-recurring basis at December 31, 2022 and 2021.

The following table represents the Lighthouse's financial instruments measured at fair value on a recurring basis at December 31, 2022 for each of the fair value hierarchy levels:

Description	12/31/2022	Fair Value Measurement at December 31, 2022			Assets held at Net Asset Value (NAV) or Equivalent
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Assets:					
Investment Securities:					
Equity	\$ 15,424,522	\$ 10,310,360	\$ -	\$ -	\$ 5,114,162
Fixed income	13,261,580	2,748,330	-	-	10,513,250
Real estate funds	419,467	-	-	-	419,467
Total investment securities	\$ 29,105,569	\$ 13,058,690	\$ -	\$ -	\$ 16,046,879
Beneficial interest in trust	\$ 279,761	\$ -	\$ -	\$ 279,761	\$ -
	\$ 279,761	\$ -	\$ -	\$ 279,761	\$ -

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**NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)**

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

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

Description	12/31/2021	Fair Value Measurement at December 31, 2021			Assets held at Net Asset Value (NAV) or Equivalent
		Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Assets:					
Investment Securities:					
Equity	\$ 23,699,348	\$ 11,821,007	\$ -	\$ -	\$ 11,878,341
Fixed income	13,528,311	1,482,437	-	-	12,045,874
Real estate funds	604,263	-	-	-	604,263
Total investment securities	\$ 37,831,922	\$ 13,303,444	\$ -	\$ -	\$ 24,528,478
Beneficial interest in trust	\$ 279,761	\$ -	\$ -	\$ 279,761	\$ -
	\$ 279,761	\$ -	\$ -	\$ 279,761	\$ -

The following summarizes the changes in value of the Level 3 assets for the year ended December 31, 2022 and 2021:

	2022	2021
Beginning balance	\$ 279,761	\$ 242,553
Change in value of beneficial interest	-	37,208
Ending balance	\$ 279,761	\$ 279,761

**NOTE 4 – CONTRIBUTIONS RECEIVABLE, NET**

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

	2022	2021
2022	-	146,265
2023	138,473	126,000
2024	126,000	126,000
2025	126,000	126,000
2026	126,000	-
2027	125,000	-
Thereafter	197,915	460,267
Total	839,388	984,532
Less allowance and present value discount	(181,473)	(132,110)
	\$ 657,915	\$ 852,422

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**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consists of the following at December 31:

	2022	2021
Land	\$ 2,785,422	\$ 1,277,203
Building and improvements	25,014,607	16,401,329
Construction in progress	260,130	10,005,286
Furniture and equipment	2,221,569	2,196,507
Automotive equipment	853,219	892,406
Total	31,134,947	30,772,731
Less accumulated depreciation	(10,225,500)	(9,467,482)
	<u>\$ 20,909,447</u>	<u>\$ 21,305,249</u>

Total depreciation expense for the years ended December 31, 2022 and 2021 was \$797,692 and \$577,024, respectively.

Construction in progress represents architectural, design and other construction costs in connection with the Lighthouse’s capital campaign project for the expansion of the Miami Lighthouse Learning Center for Children™, which in 2021 is referred to as Miami Lighthouse Academy, LLC. During the year ended December 31, 2020, the Lighthouse entered into a New Market Tax Credit Transaction to provide supplemental funding for the classroom expansion project to construct classrooms and therapy rooms for early learners. In 2021, an adjacent property was purchased to relocate the playground with funds generated from the issuance of a long-term unsecured investment bond. Refer to Note 10.

During the year ended December 31, 2022, the Lighthouse began operating programs under a temporary certificate of occupancy in classrooms that had been completed in connection with the project at the start of 2022. As such, a total of \$9,970,362 was transferred out of construction in progress and into land, building and improvements during 2022. The campus expansion project is not entirely complete and the amounts remaining in construction in progress at December 31, 2022 represent construction costs for the uncompleted classrooms, therapy rooms and playground. The campus expansion project is expected to be complete and occupied during 2023, at which point the remaining construction in progress will be reclassified to building and improvements.

**NOTE 6 – BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS**

Prior to January 1, 2004, the Lighthouse became aware that it was named in an irrevocable trusts as a 50% remainder beneficiary. The trust was set up to pay income from the trust to its lifetime beneficiaries until they pass away. Upon death of the lifetime beneficiaries, the Lighthouse will receive the remaining principal and accumulated interest remaining in the trusts. The trust holds investments including fixed income and equities. At December 31, 2022 and 2021, the Lighthouse’s beneficial interest in this irrevocable trust totaled \$279,761 and \$279,761, respectively.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of assets which have been restricted by the donor either as to the purpose or the passage of time. They also include net assets that are restricted to investment in perpetuity, the income of which is expendable to support the Lighthouse’s programs.

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**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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

<b>Description</b>	<b>2022</b>	<b>2021</b>
Donor restricted endowment funds		
- Children's Fund (original gift \$1,126,290)	\$ 1,592,123	\$ 1,919,332
Donor restricted for the Learning Center		
Sustainability Matching Challenge	2,474,627	2,742,457
Donor restricted Cortical Vision Impairment (CIV) Matching Challenge	1,000,000	-
Donor restricted for the Learning Center		
Light the Way Matching Challenge	-	5,926,928
Donor restricted investment fund restricted to the		
Lighthouse Learning Center for Children	18,380,581	22,499,596
Time restricted pledge	692,233	880,368
Beneficial interest in irrevocable trusts	279,761	279,761
	<u>\$ 24,419,325</u>	<u>\$ 34,248,442</u>

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

Cash and short term investments		
(included in cash & cash equivalents)	\$ 2,213,912	\$ 1,111,977
Contributions receivable, net	692,233	880,368
Investments	21,233,419	26,049,408
Beneficial interest in irrevocable trusts	279,761	279,761
Construction in progress	-	5,260,432
Land	-	666,496
	<u>\$ 24,419,325</u>	<u>\$ 34,248,442</u>

**NOTE 8 – ENDOWMENTS**

The Lighthouse's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Although these board-designated funds are included in net assets without donor restrictions, management and the board of directors segregated these funds so that the principal is designated not to be expended without board approval. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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**NOTE 8 – ENDOWMENTS (Continued)**

**Interpretation of Relevant Law**

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Lighthouse has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Lighthouse considers the value of a fund to be deficient if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Lighthouse has a policy to not spend from deficient endowments unless directed otherwise by the donor.

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

- (1) The duration and preservation of the fund
- (2) The purposes of the Lighthouse and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Lighthouse
- (7) The investment policies of the Lighthouse

For the years ended December 31, 2022 and 2021, the Lighthouse has elected not to add appreciation for cost of living or other spending policies to its endowments that are donor restricted in perpetuity for inflation and other economic conditions.

**Summary of Endowment Assets:**

Endowment assets are invested as follows at December 31:

Equity securities	\$ 15,047,667	\$ 23,126,268
Fixed income	12,904,207	13,164,138
Real estate funds	407,640	587,913
Cash and short term investments		
(included in cash & cash equivalents)	3,112,641	1,636,415
	<u>\$ 31,472,155</u>	<u>\$ 38,514,734</u>

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**NOTE 8 – ENDOWMENTS (Continued)**

**Summary of Endowment Assets at December 31, 2022:**

	<b>With donor restrictions</b>			
		<b>Endowment</b>		
	<b>Without donor</b>	<b>Accumulated</b>	<b>corpus</b>	
	<b>restrictions</b>	<b>gains (losses)</b>	<b>restricted in</b>	<b>Total with</b>
		<b>and other</b>	<b>perpetuity</b>	<b>donor restrictions</b>
				<b>Total funds</b>
Donor-restricted endowment funds - Children's Fund	\$ -	\$ 465,833	\$ 1,126,290	\$ 1,592,123
Donor-restricted endowment funds - Learning Center Match	-	4,275,213	-	4,275,213
Donor-restricted endowment funds - Lighthouse Learning Center	-	18,380,580	-	18,380,580
Board-designated endowment funds	7,224,239	-	-	7,224,239
Total endowment net assets	<u>\$ 7,224,239</u>	<u>\$ 23,121,626</u>	<u>\$ 1,126,290</u>	<u>\$ 24,247,916</u>
				<u>\$ 31,472,155</u>

As of December 31, 2022, endowment net assets consist of funds totaling approximately \$800,000 that have been received by donors and deposited in the endowment accounts but were reported as deferred revenues as they have not met the conditions for which revenues should be recognized.

**Summary of Endowment Assets at December 31, 2021:**

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

As of December 31, 2021, endowment net assets consist of funds totaling approximately \$1,260,000 that have been received by donors and deposited in the endowment accounts but were reported as deferred revenues as they have not met the conditions for which revenues should be recognized.

**Changes in endowment net assets as of December 31, 2022:**

	<b>With donor restrictions</b>			
		<b>Endowment</b>		
	<b>Without donor</b>	<b>Accumulated</b>	<b>corpus</b>	
	<b>restrictions</b>	<b>gains (losses)</b>	<b>restricted in</b>	<b>Total with</b>
		<b>and other</b>	<b>perpetuity</b>	<b>donor restrictions</b>
				<b>Total funds</b>
Endowment net assets, beginning	\$ 10,087,283	\$ 27,301,160	\$ 1,126,290	28,427,450
Investment change, net of fees	(1,452,996)	(4,061,130)	-	(4,061,130)
Contributions	3,383	1,942,450	-	1,942,450
Disbursements	(1,413,431)	(2,060,854)	-	(2,060,854)
Total endowment net assets	<u>\$ 7,224,239</u>	<u>\$ 23,121,626</u>	<u>\$ 1,126,290</u>	<u>\$ 24,247,916</u>
				<u>\$ 31,472,155</u>

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**NOTE 8 – ENDOWMENTS (Continued)**

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

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

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or FUPMIFA requires the Lighthouse to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles in the United States of America, there were no deficiencies of this nature as of December 31, 2022 and 2021, respectively.

**Return Objectives and Risk Parameters**

The Lighthouse has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Lighthouse must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Lighthouse expects its endowment funds, over time, to provide a rate of return of in excess of the original gift amount restricted in perpetuity. Actual returns in any given year may vary.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Lighthouse relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Lighthouse targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Lighthouse has a policy of appropriating distributions each year up to 5 percent of its endowment fund's average fair value, while maintaining donor restricted endowment funds at the level they are required to be maintained. Any distributions in excess of 5 percent require two-thirds vote approval from the Board of Directors as part of the budget process. In establishing this policy, the Lighthouse considered the long-term expected return on its endowment. Accordingly, over the long term, the Lighthouse expects the current spending policy to allow its endowment to grow.

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**NOTE 9 – LINE OF CREDIT ARRANGEMENT**

In December 2019, the Lighthouse entered into a loan agreement with a financial institution in connection with their application for funding under the New Market Tax Credit Program. The agreement is a variable rate non-disclosable revolving line of credit for \$9,000,000, which matured in February 2022. This line of credit was not renewed. The outstanding balance as of December 31, 2022 and 2021 was \$0 and \$0, respectively. Interest expense for the year ended December 31, 2022 and 2021 totaled \$0 and \$25,153, respectively, and is included in general and administrative expenses in the consolidated statement of activities. Refer to Note 13 for additional information relating to the New Market Tax Credit.

**NOTE 10 – NOTES PAYABLE**

**Paycheck Protection Program Note Payable**

In July 26, 2023, the Lighthouse received loan proceeds of \$987,360 from a financial institution through the Small Business Administration Paycheck Protection Program (“PPP”). The loan proceeds were to be used for payroll, rent, utilities and interest expense. The entire principal balance and accrued interest are forgivable in whole or in part in accordance with the Coronavirus Aid, Relief and Economic Security (“CARES”) Act. Pursuant to the terms of the CARES Act and any implementing rules and regulations, the Lighthouse may apply for the loan to be forgiven in whole or in part. During the year ended December 31, 2021, the Lighthouse applied for and received forgiveness for the full amount of the loan.

**Investment Bond**

In May 2021, the Lighthouse issued a long-term unsecured investment bond to a financial institution in the amount of \$1,500,000. These funds were used to purchase property on the Southeast corner of the campus, expand the playground for the Academy, and bring the overall building project in compliance with Miami 21 Code. The Lighthouse will pay interest on the investment at an annual rate of 0.5% until the investment is paid in full. The entire investment amount is payable in full on May 26, 2026, the maturity date. The Lighthouse may redeem the investment at any time upon 30 days written notice to the financial institution at the price of the investment amount plus accrued interest. Under the terms of the agreement, the investment does not represent any equity or like interest in the Lighthouse or any interest convertible to such, and does not carry with it any voting like rights. The amount outstanding as of December 31, 2022 and 2021 totaled \$1,500,000 and is included as notes payable in the accompanying consolidated statement of financial position.

**NOTE 11 – GRANT FUNDING**

The Lighthouse receives funding from the U.S. Department of Education passed through the State of Florida Division of Blind Services to provide rehabilitative services to visually impaired individuals. Funding is based on a budgeted formula. The contract under which funds are received may be terminated upon a 30-day written notice by either party and is subject to funds being available to the grantor.

The Lighthouse participates in a number of government-assisted grant programs which are subject to financial and compliance audits by the granting agency. The financial statements do not include any adjustments for disallowed costs which may result from audits performed by the granting agencies. Management believes that no material liability will result from any such audits.

**NOTE 12 – COMMITMENTS**

**Employment Agreement**

During the year ended December 31, 2008, the Lighthouse entered into an employment agreement with its Chief Executive Officer. The agreement is in effect through May 31, 2026. This agreement includes an agreed-upon salary package. The contract includes a 60 day cancellation clause, which requires the Lighthouse to fulfill the contract in the event of termination.



**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION**

On November 6, 2020, the Miami Lighthouse for the Blind and Visually Impaired, Inc. (“Lighthouse”) and The New Miami Lighthouse Learning Center (“NML”) entered into a New Market Tax Credit transaction (the “NMTC 2020 Transaction”) with The Northern Trust Company (“TNT”) and its affiliate TNT-ML NMTC Fund, LLC (“TNT-ML”), and ENMP 86 LP (“ENMP”) and its affiliate ESIC New Markets Partners Limited Partnership. The purpose of the transaction is to provide supplemental financing for the ongoing construction project of the classroom expansion of the Miami Lighthouse Learning Center for Children™, which in 2021 is referred to as Miami Lighthouse Academy.

The NMTC 2020 Transaction is composed of several sub-transactions, as described below:

*Line of Credit:* In connection with the NMTC 2020 Transaction, the Lighthouse obtained a revolving line of credit for \$9,000,000 from TNT, secured by two of the Lighthouse’s unrestricted deposit accounts with financial institutions. There were no amounts outstanding as of December 31, 2022 and 2021. See Note 9.

*Leverage Loan:* Under the NMTC 2020 Transaction, the Lighthouse loaned \$5,735,700 (“Leverage Loan”) to TNT-ML, an affiliate of TNT. The proceeds of this Leverage Loan were used by TNT-ML towards making a Qualified Equity Investment into ENMP, another sub-component of the NMTC transaction. The Leverage Loan bears an interest rate of 1.512%, matures December 31, 2047, and is secured by certain assets in favor of the Leverage Lender. The Leverage Loan is recorded in the Lighthouse’s consolidated statement of financial position as Note Receivable – New Market Tax Credit 2020. During the years ended December 31, 2022 and 2021, the Lighthouse recorded \$86,724 and \$86,724 respectively of interest income under this loan, included in other revenues in the Lighthouse’s consolidated statement of activities.

*Qualified Low-Income Community Investment (“QLICI Loan”):* Under the NMTC 2020 Transaction, NML obtained a QLICI Loan from ENMP for \$8,685,000, secured by two separate notes for \$5,735,700 and \$2,949,300, both bearing an interest rate of 1.0% and maturing in December 31, 2054. Proceeds of this loan are to be used to fund an expense and interest reserve account, reimburse certain expenses incurred by the Lighthouse in connection with the construction and establish a construction deposit account to be disbursed to NML in order to finance NML’s construction of the expansion of the Miami Lighthouse Learning Center for Children™. The QLICI Loan of \$8,685,000 is recorded in the Lighthouse’s consolidated statements of financial position at December 31, 2022 and 2021 as Notes payable - New Market Tax Credits 2020, net of unamortized loan costs of \$336,722 and \$362,622, respectively. During the fiscal years ended December 31, 2022 and 2021, the Lighthouse recorded \$86,850 and \$72,375 respectively, of interest expense under this loan, which is included in administrative and general expenses in the Lighthouse’s consolidated statement of activities.

*Reimbursement and Contribution Agreement:* In the fiscal year ended December 31, 2020, NML paid \$45,425 to the Lighthouse in exchange for ownership of the Miami Lighthouse Learning Center for Children™. In previous years and through the date of the Reimbursement and Contribution Agreement (November 6, 2020), the Lighthouse’s previously incurred costs for the construction were \$1,671,723, with the differential of \$1,626,298 recorded as a contribution from the Lighthouse to NML and included as a contribution to affiliate in the consolidating statement of activities of Lighthouse and NML during the year ended December 31, 2020, and was eliminated in consolidation. Therefore, no gain or loss on this transaction occurred at the consolidated level.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 13 – NEW MARKET TAX CREDIT TRANSACTION (Continued)**

*Lease Agreement:* By virtue of the Reimbursement and Contribution Agreement, NML became the landlord of the Lighthouse, which will continue to operate its programs at the campus that is being expanded. The Lease Agreement sets forth rent payments from Lighthouse to NML beginning December 1, 2020. Rent payments started accruing on that date, and will become payable each at the following rates: \$10,000 on December 1, 2020, \$33,000 on December 1, 2021, \$102,000 per year from January 1, 2022 through December 31, 2026, \$112,000 per year from January 1, 2027 through December 31, 2027, and \$446,000 per year from January 1, 2028 through December 31, 2045. As of December 31, 2022 and 2021, there were \$145,000 and \$43,000, respectively, of accrued rent payable and receivable, included in due from/to related entities in the consolidating statement of financial position. All rental activity is eliminated in consolidation and is therefore not reflected at the consolidated financial statement level.

*Put/Call Option Agreements, Call Option Agreements, and put option provisions embedded in Leverage Loans documents (the "Put/Call Options"):* The NMTC 2020 Transaction legal documents include Put/Call Options between the Lighthouse and owners of TNT-ML and ENMP. If these Put/Call Options are exercised at the 7th year anniversary of the NMTC 2020 Transaction, Leverage lender can become the controlling owner of certain other parties to the deal. At this point the Leverage Lender would gain control of all outstanding loans payable and receivable under the NMTC 2020 Transaction, there would be no residual amounts due to or from any external third parties and the Lighthouse would record a net gain associated with the dissolution of the leverage Loans receivable and the QLICI loans payable after unamortized loan costs. These Put/Calls do not represent embedded derivatives and, accordingly, they have not been accounted for as derivative instruments in the Lighthouse's consolidated financial statements.

**NOTE 14 – CONTRIBUTIONS NON-FINANCIAL ASSETS**

During the years ended December 31, 2022 and 2021, contributed non-financial assets recognized within the statement of activities included:

	2022	2021
Services	\$ 175,117	\$ 116,289
Goods	63,583	143,572
	<u>\$ 238,700</u>	<u>\$ 259,861</u>

**Goods**

The Lighthouse receives donations of goods, such as clothing, personal hygiene, and other supplies to serve clients under various programs. The Lighthouse recognizes these donations as in-kind contribution revenue along with a corresponding expense at an amount approximating fair value at the time of the donation.

**Services**

The Lighthouse receives in-kind contributions of time and pro bono services from members of the community and volunteers related to professional services, program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Lighthouse. The Lighthouse recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**NOTE 15 – RISKS AND UNCERTAINTIES**

**Litigation**

The Lighthouse may be party to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the Lighthouse's financial position.

**Other**

The Covid-19 pandemic continues to impact business continuity, including supply chains and consumer demand across a broad range of industries and countries. In addition, certain geopolitical risks abroad and inflationary pressures at home are causing significant market volatility. Management has been carefully monitoring the situation and evaluating its options during this time. As a result of these uncertainties, no adjustments have been made to these financial statements.

**NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Lighthouse monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. The Lighthouse has the following financial assets that could be made readily available within one year of December 31, 2022 and 2021 to fund expenses without limitations, such as donor-imposed or contractual restrictions or internal designations:

	2022	2021
Cash and cash equivalents	\$ 8,163,763	\$ 5,210,267
Accounts and interest receivable	1,492,659	695,875
Investment securities	29,105,569	37,831,922
	<u>\$ 38,761,991</u>	<u>\$ 43,738,064</u>
Less those unavailable for general expenditure within one year due to:		
Donor restricted endowment funds	(24,247,916)	(28,427,451)
Board designated endowment funds	(7,224,239)	(10,087,283)
Board designated cash for NMTC and construction	(1,133,899)	(1,525,946)
Deferred revenue - conditional contributions	<u>(2,096,604)</u>	<u>(1,882,085)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,059,333</u>	<u>\$ 1,815,299</u>

**NOTE 17 – 2022 CHANGE IN NET ASSETS**

The Lighthouse incurred a deficit in net assets for the year ended 2022 of \$6,015,949, significantly as a result of non-operational investment losses of \$5,536,048. In addition, the Lighthouse's depreciation expense of \$797,692 is a non-cash expense. If the effects of the non-operational investment losses and non-cash depreciation expense are adjusted, the Lighthouse's "operational" change in net assets would be a positive change of approximately \$318,000.

## SUPPLEMENTARY INFORMATION

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Agency/Federal Program/Pass Through Agency</u>	<u>Assistance Listing Number</u>	<u>Grant Award Number</u>	<u>Expenditure</u>
<b>FEDERAL AGENCIES</b>			
<b>U.S. Department of Education</b>			
Vocational Rehabilitation and Transition Services program:			
Passed-through Office of Special Education and Rehabilitative Services	84.126	21-543	<u>\$ 1,042,512</u>
<b>U.S. Department of Transportation</b>			
Enhanced Mobility of Seniors and Individuals with Disabilities program:			
Passed-through Office of Federal Transit Administration (FTA)	20.513	G1U93	<u>61,276</u>
<b>U.S. Department of Agriculture</b>			
Child and Adult Care Food program:			
Passed-through Florida Department of Health	10.558	I-5136	<u>50,183</u>
<b>United States Department of Health and Human Services (HHS)</b>			
Child Care and Development Block Grant:			
Passed-through Early Learning Coalition of Miami-DadeMonroe	93.575	ARP	39,947
Passed-through Early Learning Coalition of Miami-DadeMonroe	93.575	CRRSA	38,076
Passed-through Early Learning Coalition of Miami-DadeMonroe	93.575		<u>9,825</u>
<b>Program Total</b>			<u><u>87,848</u></u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 1,241,819</u></u>

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Grantor/Program Title	CSFA Number	Grant Award Number	Expenditure
<b>STATE FINANCIAL ASSISTANCE</b>			
<b>Florida Department of Education</b>			
Community Rehabilitation Program:			
Passed-through Division of Blind Services			
Independent Living Adult Program (IL-AP)	48.044	21-576	\$ 74,928
Social Group Activities Program	48.044	20-583	68,333
Social Group Activities Program	48.044	23-583	75,000
Independent Living Older Blind (IL-OB)	48.044	21-529	322,403
Total Community Rehabilitation Program			<u>540,664</u>
Blind Babies Program:			
Division of Blind Services	48.062	21-508	<u>341,220</u>
Voluntary Pre-Kindergarten Education Program:			
Passed-through Early Learning Coalition of Miami-DadeMonroe	48.108	N/A	<u>21,718</u>
<b>Florida Department of Health</b>			
Community Health Promotion Program:			
Community Health Promotion (Heiken)	64.157	COHBV	<u>1,110,254</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>			<b><u>\$ 2,013,856</u></b>

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**NOTE A – BASIS OF PRESENTATION**

The Schedules of Expenditures of Federal Awards and State Financial Assistance (the “Schedules”) represent all of the Federal and State awards to the Lighthouse during the year ended December 31, 2022.

The information in the schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedules present only a selected portion of the operation of the Lighthouse, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Lighthouse.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Lighthouse has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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Certified Public Accountants & Advisors



Octavio F. Verdeja, Founder - 1971

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Pedro L. Silva, C.P.A.  
Michael Vildosola, C.P.A.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Miami Lighthouse for the Blind and Visually Impaired, Inc. (the "Lighthouse") (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 26, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Lighthouse's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lighthouse's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lighthouse's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lighthouse's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Verdeja DeArmas Trujillo & Alvaray, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
July 26, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND MAJOR STATE PROJECT  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE AND CHAPTER 10.650  
RULES OF THE AUDITOR GENERAL**

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

**Report on Compliance for Each Major Federal Program and State Project**

***Opinion on Each Major Federal Program and State Project***

We have audited Miami Lighthouse for the Blind and Visually Impaired, Inc.'s (the "Lighthouse") compliance with the types of compliance requirements identified as subjected to audit in the *OMB Compliance Supplement*, and in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Lighthouse's major federal programs and state projects for the year ended December 31, 2022. The Lighthouse's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Lighthouse complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program and State Project***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards, Uniform Guidance, and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

*Verdeja DeArmas Trujillo & Alvaray, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
July 26, 2023

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(cies) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

***Federal Awards***

Type of auditor's report issued on compliance for major programs:

*Unmodified*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ yes ☒ no

Identification of major programs:

<b>Federal Program</b>	<b>CFDA Number</b>	<b>Expenditures</b>
Vocational Rehabilitation and Transition Services	84.126	\$ 1,042,512

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)**

***State Financial Assistance***

Type of auditor's report issued on compliance for major projects:

*Unmodified*

Internal control over major projects:

- Material weakness(es) identified?                      \_\_\_\_ yes      X   no
- Significant deficiency(ies) identified?                      \_\_\_\_ yes      X   none reported

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650 "Rules of the Auditor General?"

\_\_\_\_ yes      X   no

Identification of major projects:

<b>State Project</b>	<b>CSFA Number</b>	<b>Expenditures</b>
Community Health Promotion Program (Heiken)	64.157	\$ 1,110,254
Dollar threshold used to distinguish between type A and type B projects.	<u>\$ 604,157</u>	

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM  
AND STATE FINANCIAL ASSISTANCE PROJECTS**

None

**SECTION IV – OTHER ISSUES**

1. A separate management letter was issued dated July 26, 2023.
2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to the financial statements for the year ended December 31, 2022.
3. A Corrective Action Plan is not required because there were no findings required to be reported under Federal or Florida Single Audit Acts.

**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

	Miami Lighthouse for the Blind and Visually Impaired, Inc.	The New Miami Lighthouse Learning Center, Inc.	Inter-company Eliminations	Consolidated Total
<b>ASSETS</b>				
Cash and cash equivalents (including restricted cash held in investment money funds of \$2,213,912 and deferred revenues of \$2,096,604)	\$ 7,029,864	\$ -	\$ -	\$ 7,029,864
Cash segregated for construction	524,297	609,602	-	1,133,899
Accounts receivable, net	1,492,659	-	-	1,492,659
Prepaid expenses and other assets	248,238	-	-	248,238
Contributions receivable, net	657,915	-	-	657,915
Due from related entities	2,655,970	-	(2,655,970)	-
Beneficial interest in irrevocable trusts	279,761	-	-	279,761
Investment securities, partially restricted	29,105,569	-	-	29,105,569
Property and equipment, net	12,029,368	8,880,079	-	20,909,447
Note receivable - New Markets Tax Credit 2020	5,735,700	-	-	5,735,700
<b>TOTAL ASSETS</b>	<b>59,759,341</b>	<b>9,489,681</b>	<b>(2,655,970)</b>	<b>66,593,052</b>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 790,968	\$ -	\$ -	\$ 790,968
Deferred revenues	2,096,604	-	-	2,096,604
Loan payable	1,500,000	-	-	1,500,000
Due to related entities	-	2,655,970	(2,655,970)	-
Notes payable - New Markets Tax Credit 2020, net	-	8,348,278	-	8,348,278
<b>TOTAL LIABILITIES</b>	<b>4,387,572</b>	<b>11,004,248</b>	<b>(2,655,970)</b>	<b>12,735,850</b>
<b>NET ASSETS</b>				
Without donor restrictions (including quasi endowment of \$7,224,240)	30,952,444	(1,514,567)	-	29,437,877
With donor restrictions	24,419,325	-	-	24,419,325
<b>TOTAL NET ASSETS, CONSOLIDATING ENTITY</b>	<b>55,371,769</b>	<b>(1,514,567)</b>	<b>-</b>	<b>53,857,202</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 59,759,341</b>	<b>\$ 9,489,681</b>	<b>\$ (2,655,970)</b>	<b>\$ 66,593,052</b>

Refer to Independent Auditor's report.



**MIAMI LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**DECEMBER 31, 2022**

	Miami Lighthouse for the Blind and Visually Impaired, Inc.	The New Miami Lighthouse Learning Center, Inc.	Inter-company Eliminations	Consolidated Total
REVENUES, GAINS, AND OTHER SUPPORT:				
Bequests, legacies and trust income	\$ 153,383	\$ -	\$ -	\$ 153,383
Contributions, net	4,484,642	-	-	4,484,642
In-kind contributions	238,700	-	-	238,700
Grant funding, including funds from Miami-Dade County	5,458,808	-	-	5,458,808
Change in beneficial interest in irrevocable trust	-	-	-	-
Other revenues	816,236	102,000	(102,000)	816,236
Other income	575,957	-	-	575,957
Special event	325,231	-	-	325,231
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>\$ 12,052,957</u>	<u>\$ 102,000</u>	<u>\$ (102,000)</u>	<u>\$ 12,052,957</u>
EXPENSES:				
Vision rehabilitation program	\$ 557,141	\$ -	\$ -	\$ 557,141
Alternative rehabilitation services	1,081,022	-	-	1,081,022
Transition services and vocational training program	1,255,543	-	-	1,255,543
Early intervention/Pre-K through 2nd grade	4,543,942	282,071	(102,000)	4,724,013
Heiken children's vision program	2,997,810	-	-	2,997,810
Administrative and general	951,614	82,900	-	1,034,514
Development	882,815	-	-	882,815
TOTAL EXPENSES	<u>12,269,887</u>	<u>364,971</u>	<u>(102,000)</u>	<u>12,532,858</u>
CONSOLIDATING CHANGE IN NET ASSETS, before				
Investment losses, net	(216,930)	(262,971)	-	(479,901)
Investment losses, net	(5,536,048)	-	-	(5,536,048)
CONSOLIDATING CHANGE IN NET ASSETS	<u>(5,752,978)</u>	<u>(262,971)</u>	<u>-</u>	<u>(6,015,949)</u>
NET ASSETS - BEGINNING OF YEAR	<u>61,124,747</u>	<u>(1,251,596)</u>	<u>-</u>	<u>59,873,151</u>
NET ASSETS - END OF YEAR	<u>\$ 55,371,769</u>	<u>\$ (1,514,567)</u>	<u>\$ -</u>	<u>\$ 53,857,202</u>

Refer to Independent Auditor's report.