

**Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)**

FINANCIAL STATEMENTS

September 30, 2013

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	-
FINANCIAL STATEMENTS:	
Statement of Financial Position	1
Statement of Activities and Changes in Net Assets	2
Statement of Functional Expenses	3
Statement of Cash Flows	4
NOTES TO FINANCIAL STATEMENTS	5-8



CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Mana-sota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)

We have audited the accompanying financial statements of Mana-sota Lighthouse for the Blind, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Mana-sota Lighthouse for the Blind, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Manasota Lighthouse for the Blind, Inc.'s 2012 financial statements, and our report dated December 5, 2012 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarasota, Florida
December 27, 2013

A handwritten signature in black ink, appearing to read "Cavanaugh & Co. LLP". The signature is written in a cursive, flowing style.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)

Statement of Financial Position
September 30, 2013

	<u>2013</u>	2012 (For Comparative Purposes Only)
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 274,962	276,347
Inventory	7,539	6,394
Grants receivable	107,681	75,779
Unconditional promise to give	194,086	-
Prepaid expenses	4,793	3,970
Total current assets	<u>589,061</u>	<u>362,490</u>
Property and equipment, net	240,403	253,308
Beneficial interest in community foundation	3,028,670	2,571,618
Total assets	<u>\$ 3,858,134</u>	<u>3,187,416</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 8,932	6,056
Accrued expenses	104,659	82,203
Total current liabilities	<u>113,591</u>	<u>88,259</u>
Net assets:		
Unrestricted	104,988	392,689
Unrestricted - board designated	416,799	134,850
Total unrestricted	<u>521,787</u>	<u>527,539</u>
Temporarily restricted	3,222,756	2,571,618
Total net assets	<u>3,744,543</u>	<u>3,099,157</u>
Total liabilities and net assets	<u>\$ 3,858,134</u>	<u>3,187,416</u>

See accompanying notes to financial statements.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)

Statement of Activities
Year Ended September 30, 2013

	2013			2012 Total (For Comparative Purposes Only)
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Public support:				
State and federal grants and contracts	\$ 866,817	-	866,817	826,517
Contributions and other public support	21,070	-	21,070	27,898
Wills and estates	50,179	387,582	437,761	67,568
County grants and contracts	16,250	-	16,250	16,250
Other grants	<u>121,295</u>	-	<u>121,295</u>	<u>118,325</u>
Total public support	1,075,611	387,582	1,463,193	1,056,558
Support from special events:				
Revenue	182,211	-	182,211	150,278
Expense	<u>(25,582)</u>	-	<u>(25,582)</u>	<u>(24,553)</u>
Net support from special events	156,629	-	156,629	125,725
Investment income:				
Interest and dividends	-	84,715	84,715	115,074
Realized and unrealized gain	-	<u>178,841</u>	<u>178,841</u>	<u>26,183</u>
Total investment income	-	263,556	263,556	141,257
Total support and revenue	<u>1,232,240</u>	<u>651,138</u>	<u>1,883,378</u>	<u>1,323,540</u>
Expenses:				
Program services:				
Independent living-older blind	539,373	-	539,373	548,121
Independent living-adult program	70,041	-	70,041	70,252
Vocational rehabilitation	147,388	-	147,388	137,033
Assistive technology	203,352	-	203,352	203,013
Blind babies	<u>159,102</u>	-	<u>159,102</u>	<u>145,748</u>
Total program services	<u>1,119,256</u>	-	<u>1,119,256</u>	<u>1,104,167</u>
Support services:				
Management and general	85,091	-	85,091	92,399
Fundraising	<u>33,645</u>	-	<u>33,645</u>	<u>36,690</u>
Total support services	<u>118,736</u>	-	<u>118,736</u>	<u>129,089</u>
Total expenses	<u>1,237,992</u>	-	<u>1,237,992</u>	<u>1,233,256</u>
Change in net assets	(5,752)	651,138	645,386	90,284
Net assets - beginning of year	<u>527,539</u>	<u>2,571,618</u>	<u>3,099,157</u>	<u>3,008,873</u>
Net assets - end of year	<u>\$ 521,787</u>	<u>3,222,756</u>	<u>3,744,543</u>	<u>3,099,157</u>

See accompanying notes to financial statements.

**Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)**

**Statement of Functional Expenses
Year Ended September 30, 2013**

	2013										2012 Total (For Comparative Purposes Only)
	Program Services					Supporting Services					
	Independent Living-Older Blind	Independent Living-Adult Program	Vocational Rehabilitation	Vocational Rehabilitation- Transition	Blind Babies	Total Program Services	Management and General	Fundraising	Supporting Services	Total Expenses	
	\$ 336,828	46,999	93,999	125,332	101,832	704,990	54,832	23,500	78,332	783,322	786,414
Health insurance	40,936	5,848	11,698	16,567	11,696	86,745	6,374	2,923	9,297	96,042	109,072
Payroll taxes	27,661	3,860	7,719	10,292	8,363	57,895	4,502	1,930	6,432	64,327	68,466
Life insurance	983	140	281	398	281	2,063	188	70	258	2,341	2,314
Retirement	13,898	1,939	3,879	5,173	4,202	29,091	4,994	970	5,964	35,055	33,301
Workers' compensation	1,898	272	542	768	542	4,022	373	136	509	4,531	3,572
Total salaries and related expenses	422,204	59,058	118,118	158,530	126,916	884,826	71,263	29,529	100,792	985,618	1,003,139
Advertising	588	83	168	238	168	1,245	713	42	755	2,000	149
Bank Charges	-	-	-	-	-	-	907	-	907	907	20
Computer fees	3,645	509	1,017	1,356	1,102	7,629	593	255	848	8,477	3,386
Continuing education	528	61	123	174	123	1,009	467	30	497	1,506	6,546
Dues/subscriptions	2,690	384	768	1,089	769	5,700	512	192	704	6,404	6,546
Electric	2,828	403	807	1,144	807	5,989	511	202	713	6,702	7,278
Liability insurance	9,018	1,288	2,577	3,650	2,577	19,110	1,595	644	2,239	21,349	21,610
Miscellaneous	-	-	-	-	-	-	1,000	-	1,000	1,000	67
Occupancy - Annex	-	-	6,694	2,352	-	9,046	-	-	-	9,046	9,302
Office supplies	6,198	808	1,701	2,288	1,615	12,610	1,403	404	1,807	14,417	16,342
Program expense	11,793	343	574	9,240	4,975	26,925	-	-	-	26,925	16,647
Postage	904	129	258	365	258	1,914	425	265	690	2,604	1,951
Professional	4,267	610	1,219	1,727	1,219	9,042	764	305	1,069	10,111	14,812
Public relations	1,993	285	563	807	569	4,223	197	143	340	4,563	5,750
Repair and maintenance	2,866	590	1,181	1,758	1,096	7,491	1,114	295	1,409	8,900	7,217
Taxes and licenses	3,028	83	167	236	167	3,681	111	42	153	3,834	2,951
Telephone	2,477	354	708	1,003	708	5,250	358	177	535	5,785	5,802
Travel	16,414	2,814	6,260	11,399	11,203	48,090	518	-	518	48,608	41,115
Water and sewer	962	137	275	390	275	2,039	188	69	257	2,296	2,639
Veterans administration	669	-	-	-	-	669	-	-	-	669	26
Vision Aid	31,236	-	-	-	-	31,236	-	-	-	31,236	33,662
Total expenses before depreciation	524,308	67,939	143,184	197,746	154,547	1,087,724	82,639	32,594	115,233	1,202,957	1,200,411
Depreciation	15,065	2,102	4,204	5,606	4,555	31,532	2,452	1,051	3,503	35,035	32,845
Total expenses	\$ 539,373	70,041	147,388	203,352	159,102	1,119,256	85,091	33,645	118,736	1,237,992	1,233,256

See accompanying notes to financial statements.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)

Statement of Cash Flows
Year Ended September 30, 2013

	2013	2012 (For Comparative Purposes Only)
Cash flows from operating activities:		
Change in net assets	\$ 645,386	90,284
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	35,035	32,845
Realized and unrealized investment gain	(178,841)	(26,183)
(Increase) decrease in:		
Inventory	(1,145)	3,265
Grants receivable	(31,902)	(7,221)
Unconditional promise to give	(194,086)	-
Prepaid expenses	(823)	15
Increase (decrease) in:		
Accounts payable	2,876	(6,035)
Accrued expenses	22,456	(8,509)
Total adjustments	(346,430)	(11,823)
Net cash flows from operating activities	298,956	78,461
 Cash flows from investing activities:		
Purchase of property and equipment	(22,130)	(21,580)
Contributions to community foundation investment	(278,211)	(46,500)
Net cash flows from investing activities	(300,341)	(68,080)
 Increase (decrease) in cash and cash equivalents	(1,385)	10,381
 Cash and cash equivalents - beginning of year	276,347	265,966
 Cash and cash equivalents - end of year	\$ 274,962	276,347

See accompanying notes to financial statements.

**Mana-sota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)**

**Notes to Financial Statements
September 30, 2013**

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Mana-sota Lighthouse for the Blind, Inc. (“the Organization”) was established to promote the individual growth and dignity of visually impaired and blind adults and children in Manatee and Sarasota County, Florida. The Organization also extends its educational and training resources to the families of the clients and acts as their voice in the community.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Income Tax Status

The Organization has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of standards relating to accounting for uncertainty in income taxes. Management has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended September 30, 2013. The Organization’s federal income tax returns for the years ended September 30, 2012, 2011, and 2010 are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are recorded at their fair value at the date of the gift. Expenditures for repairs which do not materially prolong the useful lives of the related assets are charged to operating expenses as incurred. Depreciation expense is calculated under the straight-line method over the estimated useful lives as follows:

Buildings and improvements	10-20 years
Computer software/equipment	3-5 years
Furniture and fixtures	5-7 years

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)

Notes to Financial Statements – Continued
September 30, 2013

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

Beneficial Interest

The Organization has a beneficial interest in assets held by a community foundation. The Organization's interest has been recorded at the respective fair value of the assets.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise is received and as assets or decrease of liabilities depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Donated Materials and Services

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials are reflected in the accompanying statements at their fair market value at the date of receipt. Directors, officers and volunteers have made a significant contribution of their time to develop the Organization and its programs. The value of these services is not reflected in the accompanying financial statement since they do not meet the criteria for recognition.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed in the statement of functional expenses and summarized on a functional basis in the statement of activities. Most allocations were made by percentages of the expenses to be allocated between program and support services. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on relative benefit provided. Administrative and general expenses are allocated to the various programs based on relative benefit provided.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)

Notes to Financial Statements – Continued
September 30, 2013

Note 2 – Concentration of Credit Risk:

The Organization maintains its cash balances at local financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. At September 30, 2013, the Organization exceeded this limit by \$31,076. Due to the timing of receipts, the Organization may periodically have cash balances with any one financial institution exceeding the insured amount. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

Note 3 – Beneficial Interest in Community Foundation:

The Organization entered into an agreement with the Community Foundation of Sarasota County, Inc. for the creation of the Lighthouse of Manasota Endowment Fund ("Fund"). This fund was established to provide current income and long term protection for the operations of the Organization. The Fund is maintained by The Community Foundation of Sarasota County and is subject to restrictions set forth in the initial agreement, which include provisions for income and other distributions and provides variance power to the Foundation in the terms of gifts.

Note 4 – Property and Equipment:

Property and equipment consist of the following:

Land	\$ 60,000
Building and improvements	482,907
Furniture and fixtures	46,136
Equipment	<u>207,580</u>
Total property and equipment	796,623
Less - accumulated depreciation	<u>(556,220)</u>
Net property and equipment	<u>\$ 240,403</u>

Note 5 – Unrestricted Net Assets – Designated:

The Board of Directors approved a designation of unrestricted net assets for operating reserves. As of September 30, 2013, the balance was \$416,799.

Note 6 – Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following:

Time restrictions:	
Unconditional promise to give	\$ 194,086
Purpose restrictions:	
Beneficial interest in the Lighthouse of Manasota Endowment Fund held by The Community Foundation of Sarasota County, Inc.	<u>3,028,670</u>
Total temporarily restricted net assets	<u>\$ 3,222,756</u>

**Manasota Lighthouse for the Blind, Inc.
(d/b/a Lighthouse of Manasota)**

**Notes to Financial Statements – Continued
September 30, 2013**

Note 7 – Simplified Employee Pension Plan:

The Organization has a simplified employee pension plan (SEP). The SEP is a written plan whereby the employer contributes to a qualified retirement plan for each eligible employee. Eligibility requirements include: one year of service with the Organization, employee is at least 21 years of age and the position is full time. Annual contributions are made at the option of the employer and if made, are done at the same percentage for all qualifying employees (up to a limit of 25%). All contributions vest with the employee. At September 30, 2013, an accrual of \$43,727 was present to reflect the Organization's option to fund this payment for the year ending September 30, 2013.

Note 8 – Line of Credit:

The Organization has a revolving line of credit with a local financial institution. Terms call for interest only payable monthly with a maturity date of May 5, 2014. Borrowings on the line of credit are secured by the Organization's equipment and inventory. Interest accrues at one percent above Prime Rate, 4.25% at September 30, 2013. As of September 30, 2013, there was no outstanding balance on the line of credit.

Note 9 – Lease Commitments:

The Organization leases space for the operation of certain programs. The lease payments are fixed for the remaining lease term that expires March 31, 2015. Future minimum lease payments required are as follows:

2014	\$ 7,062
2015	3,531

Note 10 – Subsequent Events:

Subsequent events have been evaluated through December 27, 2013, which is the date the financial statements were available to be issued.