

Florida Center for the Blind, Inc.

Financial Statements
and
Independent Auditors' Report

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida Center for the Blind, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Florida Center for the Blind, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements 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.

Auditors' Responsibility.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 of the Organization as of December 31, 2017, 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 the Organization's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kattell and Company P.L.

February 1, 2019
Gainesville, Florida

"Not everything that counts can be counted, and not everything that can be counted counts."

-Albert Einstein

Statement of Financial Position
December 31, 2017
(with summarized information for 2016)
Florida Center for the Blind, Inc.

Assets	<u>2017</u>	<u>2016</u>
Cash	\$ 704,171	\$ 660,466
Investments	30,637	25,534
Grants Receivable:		
Division of Blind Services	34,709	34,709
Florida Association of Agencies Serving the Blind	9,000	9,000
Prepaid Expenses	4,511	4,790
Deposits	950	950
Inventory	8,531	8,285
Assets Held in McGann Trust	3,991,625	3,443,974
Property and Equipment:		
Land	65,000	65,000
Buildings	819,508	816,000
Equipment	165,125	150,849
Furniture and Fixtures	32,991	32,991
Vehicles	62,992	62,992
Total	1,145,616	1,127,832
Accumulated Depreciation	(314,111)	(279,764)
Property and Equipment, net	831,505	848,068
Total Assets	\$ 5,615,639	\$ 5,035,776
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 5,711	\$ 4,796
Accrued Payroll	6,677	6,223
Total Liabilities	12,388	11,019
Net Assets:		
Unrestricted		
Invested in Property and Equipment	831,505	848,068
Other	748,397	710,991
Total Unrestricted	1,579,902	1,559,059
Temporarily Restricted	4,001,625	3,443,974
Permanently Restricted	21,724	21,724
Total Net Assets	5,603,251	5,024,757
Total Liabilities and Net Assets	\$ 5,615,639	\$ 5,035,776

See accompanying notes.

Statement of Activities
For the Year Ended December 31, 2017
(with summarized information for 2016)
Florida Center for the Blind, Inc.

	2017				2016
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Revenues:</u>					
Grants – Division of Blind Services:					
Vocational Rehabilitation	\$ 148,006	\$ --	\$ --	\$ 148,006	\$ 140,262
Older Blind	130,200	--	--	130,200	130,200
Transition	105,600	--	--	105,600	67,200
Adult Blind	23,100	--	--	23,100	23,100
Transition Payroll	1,923	--	--	1,923	1,526
Consumer Supply	1,378	--	--	1,378	2,996
Children’s Grant	54,755	--	--	54,755	87,000
Marion County School Board	13,163	--	--	13,163	7,863
Legacies & Bequests	420	--	--	420	106,552
Contributions	71,894	10,000	--	81,894	34,798
Special Event: Dining In The Dark					
Revenue	18,094	--	--	18,094	23,664
Direct Donor Benefit	(8,930)	--	--	(8,930)	(10,779)
Net	9,164	--	--	9,164	12,885
Store:					
Sales	7,698	--	--	7,698	11,284
Cost of Goods Sold	(1,144)	--	--	(1,144)	(1,403)
Net	6,554	--	--	6,554	9,881
Investment Earnings	9,192	--	--	9,192	3,862
Total Revenues	575,349	10,000	--	585,349	628,125
<u>Expenses:</u>					
Program Services	424,906	--	--	424,906	401,136
Management and General	94,565	--	--	94,565	64,670
Fundraising	35,035	--	--	35,035	22,985
Total Expenses	554,506	--	--	554,506	488,791
Net of Revenues over Expenses	20,843	10,000	--	30,843	139,334
Change in Value of McGann Trust	--	547,651	--	547,651	139,821
Change in Net Assets	20,843	557,651	--	578,494	279,155
Net Assets, Beginning of Year	1,559,059	3,443,974	21,724	5,024,757	4,745,602
Net Assets, End of Year	\$ 1,579,902	\$ 4,001,625	\$ 21,724	\$ 5,603,251	\$ 5,024,757

See accompanying notes.

Statement of Functional Expenses
For the Year Ended December 31, 2017
(with summarized information for 2016)
Florida Center for the Blind, Inc.

	Program Services	Management And General	Fundraising	Cost of Direct Donor Benefit	2017 Total Expenses	2016 Total Expenses
Salaries, Taxes & Benefits	\$ 290,148	\$ 54,525	\$ 22,383	\$ --	\$ 367,056	\$ 330,011
Food & Beverage	--	--	--	6,526	6,526	6,764
Depreciation	28,509	4,122	1,716	--	34,347	33,161
Insurance	23,166	3,349	1,396	--	27,911	18,416
Information Technology	7,434	1,075	448	--	8,957	10,727
Licenses and Fees	2,610	377	157	--	3,144	4,421
Maintenance	2,899	419	175	--	3,493	3,912
Miscellaneous	1,046	151	63	--	1,260	2,080
Office Expense	7,861	1,137	474	--	9,472	10,239
Professional Fees	--	20,012	--	--	20,012	12,999
Rent	--	--	--	--	--	2,930
Store Cost of Goods Sold	1,144	--	--	--	1,144	1,403
Supplies	24,792	3,584	7,667	2,404	38,447	25,356
Transition Program	6,981	--	--	--	6,981	5,216
Children's Program	4,293	--	--	--	4,293	3,530
Summer Program	6,484	--	--	--	6,484	8,219
Travel	9,446	4,478	--	--	13,924	10,833
Utilities	9,237	1,336	556	--	11,129	10,756
Total Expenses	\$ 426,050	\$ 94,565	\$ 35,035	\$ 8,930	\$ 564,580	\$ 500,973
Cost of Donor Benefits – Special Event (Note 5)	--	--	--	(8,930)	(8,930)	(10,779)
Cost of Goods Sold – Store	(1,144)	--	--	--	(1,144)	(1,403)
Total Functional Expenses – Statement of Activities	\$ 424,906	\$ 94,565	\$ 35,035	\$ --	\$ 554,506	\$ 488,791

See accompanying notes.

Statement of Cash Flows
For the Year Ended December 31, 2017
(with summarized financial information for 2016)
Florida Center for the Blind, Inc.

	<u>2017</u>	<u>2016</u>
Operating Activities:		
Change in Net Assets	\$ 578,494	\$ 279,155
Adjustments:		
Change in Value McGann Trust	(547,651)	(139,821)
Depreciation	34,347	33,161
(Gain)/Loss on Investments	(5,103)	(2,493)
Changes in:		
Receivables	--	(2,738)
Prepaid Expenses	279	(1,080)
Inventory	(246)	(1,312)
Accounts Payable and Accrued Expenses	<u>1,369</u>	<u>4,153</u>
Net Cash Provided By (Used In) Operating Activities	61,489	169,025
Investing Activities:		
Purchases of Property and Equipment	<u>(17,784)</u>	<u>(21,101)</u>
Net Cash Provided by (Used In) Investing Activities	(17,784)	(21,101)
Net Increase (Decrease) in Cash	43,705	147,924
Cash, Beginning of Year	<u>660,466</u>	<u>512,542</u>
Cash, End of Year	<u>\$ 704,171</u>	<u>\$ 660,466</u>

See accompanying notes.

Notes to the Financial Statements

December 31, 2017

Florida Center for the Blind, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

Florida Center for the Blind, Inc. (the Organization), a Florida Not-for-Profit corporation located in Ocala, Florida, was established on April 11, 1989 to provide assistance to those who are blind or visually impaired through free training, education and other programs. The Organization serves Alachua, Bradford, Columbia, Dixie, Gilchrist, Levy, Marion and Union counties.

Tax Exempt Status

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and does not earn any unrelated business income. Therefore, no provision for income taxes is reflected in the accompanying financial statements. In addition, the Organization qualifies for the charitable contributions deduction and has been classified by the Internal Revenue Service as an organization that is not a private foundation. The Organization holds no uncertain tax positions and, therefore, has no policy for evaluating them.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization is considered a voluntary health and welfare organization and a statement of functional expenses is presented.

Cash

Cash consists of cash on hand and deposits in federally insured banks. Deposits in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per institution. At December 31, 2017 and 2016, the Organization held no amounts in excess of this limit.

Investments

Investments are reported at fair value. The Organization invests only in debt and equity securities with readily determinable fair values. Their fair value is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions (also known as Level 1 of the fair value hierarchy).

Grants Receivable

The Organization expects to collect its receivables shortly after year-end. No allowance is provided since amounts are deemed fully collectable and no discount is computed since they are expected to be received within one year. There are no identifiable concentrations of credit risk related to these amounts.

Inventory

Inventory consists of magnifiers, magnification equipment and other items which aide people who are visually impaired. Inventory is valued at cost using the first-in, first-out method.

Property and Equipment

The Organization's policy is to capitalize all purchases of property and equipment with a value of \$2,500 or greater and a useful life in excess of one year. Purchased assets are recorded at cost and donated assets are initially recorded at estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives, ranging from three to forty years.

Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is measured by comparing the carrying amount of the assets to the sum of expected future cash flows (undiscounted and without interest charges) resulting from use of the asset and its eventual disposition. The Organization has not recognized any impairment on its property assets.

Notes to the Financial Statements

December 31, 2017

Florida Center for the Blind, Inc.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Net Assets

Net assets, the excess of assets over liabilities, are reported in three mutually exclusive classes:

Permanently Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions that do not expire by passage of time or cannot be fulfilled by actions of the Corporation.

Temporarily Restricted - Those net assets resulting from inflows of assets whose use is limited by donor-imposed restrictions which expire by passage of time or are fulfilled by actions of the Organization.

Unrestricted - Those net assets that are neither permanently or temporarily restricted.

Revenue Recognition

Grants - Division of Blind Services & Florida Association of Agencies Serving the Blind. Grants represent revenues from contracts with the State of Florida and Florida Association of Agencies Serving the Blind. Revenues are recognized in accordance with allowable billings.

Contributions. Contributions are recognized as revenue when assets are received or unconditionally pledged and are recorded at their estimated fair values.

Contributions – Donor Restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Amounts that are restricted for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support; however, donor-restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a temporary restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Program Service Revenue. Program service revenues are earned at the time the service is rendered.

Inventory Sales. Revenue from the sale of inventory is recognized at the point of sale.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets 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 vary from the estimates that were used.

Functional Expenses

The operating expenses of the Organization are allocated to three functional categories based on management's estimate of time engaged in each of the functions. These functions are defined below:

Program Services – the costs directly related to fulfilling program services.

Management and General – the costs of operating the Organization's affairs which are not allocable to other functional areas.

Fundraising – the costs associated with soliciting contributions or holding special events for the benefit of the Organization.

Notes to the Financial Statements
December 31, 2017
Florida Center for the Blind, Inc.

NOTE 2 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Time restricted - McGann Trust	\$ 3,991,625	\$ 3,443,974
Purpose restricted - equipment	10,000	--
Total Temporarily Restricted Net Assets	\$ 4,001,625	\$ 3,443,974

The George W. McGann Irrevocable Trust (Paternal Trust) names the Organization as the residual beneficiary upon the death of the second to die of McGann's two children. Based on mortality tables at December 31, 2017, the Paternal Trust is estimated to pay out in 2041. The Paternal Trust includes a provision for payment of \$5,000 per month to McGann's children in the event that the assets of the Joan A. McGann Trust (the Maternal Trust) assets are exhausted. It is the opinion of the Trustee, Wells Fargo Bank, that the Maternal Trust has sufficient assets such that the Paternal Trust will not be required to support those monthly payments. (It should be noted that the Maternal Trust includes no provision for residual assets to be distributed to the Organization.) Therefore, management has determined that the best estimate of the fair value of the assets that will be received is the current fair value of the assets held in the Paternal Trust. The fair value of assets held in the Paternal Trust is determined by reference to quoted prices in active markets for identical assets and other relevant information generated by market transactions (also known as Level 1 of the fair value hierarchy). Changes in the fair value of assets held in the Paternal Trust are reported as Changes in Value of McGann Trust in the Statement of Activities.

NOTE 3 – PERMANENTLY RESTRICTED NET ASSETS

In 1998, the Organization was given \$10,000 to establish an endowment fund. Consequently, the Organization has received additional donations. The gains, losses, and principal balance of investments are permanently restricted, however, dividends and interest earnings are available for current operations. As of December 31, 2017 and 2016, the permanently restricted net assets were \$21,724.

NOTE 4 – ECONOMIC DEPENDENCY AND LOSS OF FUNDING

In 2017 and 2016 the Organization received 70% and 57%, respectively, of its revenue (excluding amounts recognized as in-kind contributions) from grant contracts with the State of Florida, Division of Blind Services. The grants made to the Organization are at the discretion of the funding source.

NOTE 5 – SPECIAL EVENT

The Organization generated the following revenues and expenses from the Dining in the Dark event:

	<u>2017</u>	<u>2016</u>
Revenue:		
Sponsorships	\$ 6,650	\$ 12,415
Ticket Sales	4,785	7,680
Raffle Ticket	1,893	1,715
Donations	4,766	1,854
Total Event Revenue	18,094	23,664
Costs of Direct Donor Benefits	(8,930)	(10,779)
Special Event Proceeds, Net	9,164	12,885
Fundraising Expenses	--	(3,022)
Net Revenue from Event	\$ 9,164	\$ 9,863

Notes to the Financial Statements

December 31, 2017

Florida Center for the Blind, Inc.

NOTE 6 – DONATED SERVICES

The Organization received approximately 1,275 hours of donated services that supported program services, as well as general and administrative activities and fundraising. At \$24.69 per hour, this amounts to \$31,480 of additional contributions and expenses. These hourly rates are the estimated value per hour of volunteer time for Florida as provided at www.independentsector.org/volunteer_time by Independent Sector.

NOTE 7 – 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 December 31, 2016, from which the summarized information was derived.

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through February 1, 2019, which is the date the financial statements were available to be issued.