

# Florida Center for the Blind, Inc.

Financial Statements  
and  
Independent Auditors' Report

December 31, 2018

## Contents

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-9

# Kattell and Company P.L.

*Certified Public Accountants Serving the Nonprofit Community*

808-B NW 16<sup>th</sup> Avenue Gainesville, Florida 32601 352-395-6565 www.kattell.com

---

## 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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2019. 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.*

August 8, 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, 2018**  
**(with summarized information for 2017)**  
**Florida Center for the Blind, Inc.**

Assets	<u>2018</u>	<u>2017</u>
Cash	\$ 833,398	\$ 704,171
Investments	29,107	30,637
Grants Receivable:		
Division of Blind Services	34,705	34,709
Florida Association of Agencies Serving the Blind & Other	11,212	9,000
Prepaid Expenses	4,701	4,511
Deposits	950	950
Inventory	9,386	8,531
Assets Held in McGann Trust	3,626,440	3,991,625
Property and Equipment:		
Land	65,000	65,000
Buildings	819,508	819,508
Equipment	173,436	165,125
Furniture and Fixtures	32,991	32,991
Vehicles	112,279	62,992
Expansion in Progress	8,831	--
Total	1,212,045	1,145,616
Accumulated Depreciation	(350,667)	(314,111)
Property and Equipment, net	861,378	831,505
<b>Total Assets</b>	<b>\$ 5,411,277</b>	<b>\$ 5,615,639</b>
Liabilities and Net Assets		
Liabilities:		
Accounts Payable	\$ 7,093	\$ 5,711
Accrued Payroll	12,389	6,677
<b>Total Liabilities</b>	<b>19,482</b>	<b>12,388</b>
Net Assets:		
Without Donor Restrictions		
Invested in Property and Equipment	861,378	831,505
Other	882,253	748,397
Total Without Donor Restrictions	1,743,631	1,579,902
With Donor Restrictions	3,648,164	4,023,349
<b>Total Net Assets</b>	<b>5,391,795</b>	<b>5,603,251</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,411,277</b>	<b>\$ 5,615,639</b>

See accompanying notes.

**Statement of Activities**  
**For the Year Ended December 31, 2018**  
**(with summarized information for 2017)**  
**Florida Center for the Blind, Inc.**

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues:</b>				
Grants – Division of Blind Services:				
Vocational Rehabilitation	\$ 137,680	\$ --	\$ 137,680	\$ 148,006
Older Blind	130,200	--	130,200	130,200
Transition	96,000	--	96,000	105,600
Adult Blind	23,100	--	23,100	23,100
Blind Babies	5,382	--	5,382	--
Transition Payroll	1,254	--	1,254	1,923
Consumer Supply	716	--	716	1,378
Children’s Grant	54,483	--	54,483	54,755
County School Boards	19,050	--	19,050	13,163
Legacies & Bequests	158,699	--	158,699	420
Contributions	48,361	--	48,361	81,894
In-Kind Contributions	44,358	--	44,358	--
Special Event: Dining In The Dark				
Revenue	22,177	--	22,177	18,094
Direct Donor Benefit	(10,762)	--	(10,762)	(8,930)
Net	11,415	--	11,415	9,164
Store:				
Sales	7,865	--	7,865	7,698
Cost of Goods Sold	(1,445)	--	(1,445)	(1,144)
Net	6,420	--	6,420	6,554
Investment Earnings	3,474	--	3,474	9,192
Net Assets Released from Restrictions	10,000	(10,000)	--	--
<b>Total Revenues</b>	<b>750,592</b>	<b>(10,000)</b>	<b>740,592</b>	<b>585,349</b>
<b>Expenses:</b>				
Program Services	479,906	--	479,906	424,906
Management and General	73,406	--	73,406	94,565
Fundraising	33,551	--	33,551	35,035
<b>Total Expenses</b>	<b>586,863</b>	<b>--</b>	<b>586,863</b>	<b>554,506</b>
<b>Net of Revenues over Expenses</b>	<b>163,729</b>	<b>(10,000)</b>	<b>153,729</b>	<b>30,843</b>
Change in Value of McGann Trust	--	(365,185)	(365,185)	547,651
<b>Change in Net Assets</b>	<b>163,729</b>	<b>(375,185)</b>	<b>(211,456)</b>	<b>578,494</b>
<b>Net Assets, Beginning of Year</b>	<b>1,579,902</b>	<b>4,023,349</b>	<b>5,603,251</b>	<b>5,024,757</b>
<b>Net Assets, End of Year</b>	<b>\$ 1,743,631</b>	<b>\$ 3,648,164</b>	<b>\$ 5,391,795</b>	<b>\$ 5,603,251</b>

See accompanying notes.

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**  
**(with summarized information for 2017)**  
**Florida Center for the Blind, Inc.**

Program Services	Management And General	Fundraising	Cost of Direct Donor Benefit	2018 Total Expenses	2017 Total Expenses	
Salaries, Taxes & Benefits	\$ 323,861	\$ 46,823	\$ 19,510	\$ --	\$ 390,194	\$ 367,056
Food & Beverage	--	--	--	7,531	7,531	6,526
Depreciation	30,341	4,387	1,828	--	36,556	34,347
Insurance	24,584	3,554	1,481	--	29,619	27,911
Information Technology	11,118	1,607	670	--	13,395	8,957
Licenses and Fees	3,490	505	210	--	4,205	3,144
Maintenance	5,190	750	313	--	6,253	3,493
Miscellaneous	1,024	148	62	--	1,234	1,260
Office Expense	8,186	1,183	493	--	9,862	9,472
Professional Fees	--	7,970	--	--	7,970	20,012
Rent	--	--	--	1,000	1,000	--
Store Cost of Goods Sold	1,445	--	--	--	1,445	1,144
Supplies	17,969	3,380	8,450	2,231	32,030	38,447
Transition Program	9,437	--	--	--	9,437	6,981
Children's Program	11,134	--	--	--	11,134	4,293
Summer Program	14,412	--	--	--	14,412	6,484
Travel	10,304	1,818	--	--	12,122	13,924
Utilities	8,856	1,281	534	--	10,671	11,129
<b>Total Expenses</b>	<b>\$ 481,351</b>	<b>\$ 73,406</b>	<b>\$ 33,551</b>	<b>\$ 10,762</b>	<b>\$ 599,070</b>	<b>\$ 564,580</b>
Cost of Donor Benefits – Special Event (Note 5)	--	--	--	(10,762 )	(10,762 )	(8,930)
Cost of Goods Sold – Store	(1,445 )	--	--	--	(1,445 )	(1,144)
<b>Total Functional Expenses – Statement of Activities</b>	<b>\$ 479,906</b>	<b>\$ 73,406</b>	<b>\$ 33,551</b>	<b>\$ --</b>	<b>\$ 586,863</b>	<b>\$ 554,506</b>

See accompanying notes.

**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**  
**(with summarized financial information for 2017)**  
**Florida Center for the Blind, Inc.**

	<u>2018</u>	<u>2017</u>
Operating Activities:		
Change in Net Assets	\$ (211,456)	\$ 578,494
Adjustments:		
Change in Value McGann Trust	365,185	(547,651)
Depreciation	36,556	34,347
(Gain)/Loss on Investments	1,530	(5,103)
Changes in:		
Receivables	(2,208)	--
Prepaid Expenses	(190)	279
Inventory	(855)	(246)
Accounts Payable and Accrued Expenses	<u>7,094</u>	<u>1,369</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>195,656</b>	<b>61,489</b>
Investing Activities:		
Purchases of Property and Equipment	<u>(66,429)</u>	<u>(17,784)</u>
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b><u>(66,429)</u></b>	<b><u>(17,784)</u></b>
<b>Net Increase (Decrease) in Cash</b>	<b>129,227</b>	<b>43,705</b>
<b>Cash, Beginning of Year</b>	<b><u>704,171</u></b>	<b><u>660,466</u></b>
<b>Cash, End of Year</b>	<b><u>\$ 833,398</u></b>	<b><u>\$ 704,171</u></b>

See accompanying notes.

**Notes to the Financial Statements**  
**December 31, 2018**  
**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.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented using accounting principles generally accepted in the United States of America.

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, 2018 and 2017, the Organization held \$30,108 and \$0 respectively, 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, 2018**  
**Florida Center for the Blind, Inc.**

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

Accounting for Net Assets

Net assets, the excess of assets over liabilities, are reported in two classes that are based upon existence or absence of restrictions on use that are placed by its donors, as follows:

*Net Assets Without Donor Restrictions* are available to support operations and are not subject to donor restrictions. The only limits of these net assets are the broad limits resulting for the nature of the organization.

*Net Assets With Donor Restrictions* are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

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 summarized by function. Direct expenses are assigned to the various functional categories based on the purpose achieved by each expense. Certain non-direct salaries and related expenses are distributed based on the estimated portion of time spent by respective employees for each function. All other expenses are allocated among program and supporting service classifications on the same basis as staff time. The following is a summary description of the Organization's functional expense categories:

*Program Services* – This category includes all expenses directly related to fulfilling program services, such as providing free vision rehabilitation to those who are blind or visually impaired.

*Management and General* – This category includes all expenses that provide governance, oversight, business and financial management, financial recordkeeping, budgeting, legal, and human resource management services.

*Fundraising* – This category includes expenses related to publicizing, maintaining donor lists, conducting fundraising events and activities, and any other activities that solicit contributions from corporations, foundations, individuals, and others including the annual campaign and grant writing. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.



**Notes to the Financial Statements**  
**December 31, 2018**  
**Florida Center for the Blind, Inc.**

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

Change in Accounting Standards

The Organization implemented Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the current year, applying the changes retrospectively. The new standards changed the following aspects of these financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a note about liquidity and availability of financial assets.
- This change had no effect on total net assets at December 31, 2017.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

The Organization's financial assets available within one year of the date of the statement of financial position for general expenditure are as follows.

	<u>2018</u>	<u>2017</u>
<b>Financial Assets</b>		
Cash	\$ 833,398	\$ 704,171
Investments	29,107	30,637
Grant Receivables	<u>45,917</u>	<u>43,709</u>
<b>Total Financial Assets</b>	<b>908,422</b>	<b>778,517</b>
<b>Amounts not available for general expenditure:</b>		
Purpose restricted net assets (Note 3)	--	(10,000)
Endowment Fund (Note 3)	<u>(21,724)</u>	<u>(21,724)</u>
<b>Amounts Available for General Expenditure within one year</b>	<b><u>\$ 886,698</u></b>	<b><u>\$ 746,793</u></b>

The Organization has structured its financial assets to be available as its general expenditures and liabilities come due. The Organization generally does not experience cash deficits and, therefore, has instituted no mechanism for financing them. Cash in excess of immediate operating needs is held in various financial institutions and instruments.

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following:

	<u>2018</u>	<u>2017</u>
Purpose restricted - Equipment	\$ --	\$ 10,000
Endowment Fund	21,724	21,724
Time restricted - McGann Trust	<u>3,626,440</u>	<u>3,991,625</u>
<b>Total Net Assets With Donor Restriction</b>	<b><u>\$ 3,648,164</u></b>	<b><u>\$ 4,023,349</u></b>

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, 2018, 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 also 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

**Notes to the Financial Statements**  
**December 31, 2018**  
**Florida Center for the Blind, Inc.**

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (concluded)**

reported as Changes in Value of McGann Trust in the Statement of Activities.

Also in 1998, the Organization was given \$10,000 to establish an endowment fund and since then, has received additional donations. The gains, losses, and principal balance of investments are restricted; however, dividends and interest earnings are available for current operations.

**NOTE 4 – ECONOMIC DEPENDENCY AND LOSS OF FUNDING**

In 2018 and 2017, the Organization received 57% and 70%, 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:

Revenue:	<u>2018</u>	<u>2017</u>
Sponsorships	\$ 7,450	\$ 6,650
Ticket Sales	5,390	4,785
Raffle Ticket	1,893	1,893
Donations	7,444	4,766
Total Event Revenue	<u>22,177</u>	<u>18,094</u>
Costs of Direct Donor Benefits	<u>(10,762)</u>	<u>(8,930)</u>
Net Revenue from Event	<u>\$ 11,415</u>	<u>\$ 9,164</u>

**NOTE 6 – DONATED SERVICES**

The Organization received approximately 740 hours of donated services that supported program services, as well as general and administrative activities and fundraising. At \$24.04 per hour, this amounts to \$17,790 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](http://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, 2017, from which the summarized information was derived.

**NOTE 8 – SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions for potential recognition or disclosure through August 8, 2019, which is the date the financial statements were available to be issued.