

**LIGHTHOUSE FOR THE BLIND AND VISUALLY
IMPAIRED**

SEPTEMBER 30, 2021

INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS

Lighthouse for the Blind and Visually Impaired

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A Century Strong

Independent Auditors' Report

THE BOARD OF DIRECTORS
LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED
San Francisco, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED (the Organization)** which comprise the statement of financial position as of September 30, 2021, and the related consolidated statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the consolidated 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 consolidated financial position of Lighthouse for the Blind and Visually Impaired as of September 30, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hood & Strong LLP

San Francisco, California
February 14, 2022

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Financial Position

September 30, 2021

Assets

Cash and cash equivalents	\$	1,844,175
Receivables		1,466,874
Prepaid expenses and other assets		727,852
Inventory		1,010,052
Investments		152,245,495
Notes receivable		11,630,500
Investment in real estate		22,962,332
Property and equipment, net		63,230,225
Interest rate swap		1,166,506

Total Assets \$ 256,284,011

Liabilities and Net Assets

Accounts payable and accrued expenses	\$	2,601,332
Accrued salaries and benefits		592,383
Deferred revenue		229,245
Line of credit		3,350,000
Loans payable		48,544,000

Total liabilities 55,316,960

Net Assets:

Without donor restrictions:		
Undesignated		48,309,914
Board designated net assets		152,245,495

Total net assets without donor restrictions 200,555,409

With donor restrictions 411,642

Total net assets 200,967,051

Total Liabilities and Net Assets \$ 256,284,011

See accompanying notes to consolidated financial statements.

Lighthouse for the Blind and Visually Impaired
Consolidated Statement of Activities and Change in Net Assets

Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating:			
Revenue and support:			
Government grants	\$ 1,596,696		\$ 1,596,696
Sales	3,981,174		3,981,174
Contributions and gifts	931,881	\$ 457,347	1,389,228
Program service fees	908,422		908,422
Other	465,656		465,656
Net assets released from restrictions	491,820	(491,820)	-
Total revenue and support	8,375,649	(34,473)	8,341,176
Expenses:			
Program services	14,551,748		14,551,748
Management and general	3,808,417		3,808,417
Development	1,192,515		1,192,515
Total expenses	19,552,680	-	19,552,680
Change in net assets from operations	(11,177,031)	(34,473)	(11,211,504)
Non-Operating:			
Investment income, net of expenses	30,411,705		30,411,705
Gain on sale of building	4,372,490		4,372,490
Change in the value of interest rate swap	1,770,882		1,770,882
Change in Net Assets	25,378,046	(34,473)	25,343,573
Net Assets, beginning of the year	175,177,363	446,115	175,623,478
Net Assets, end of the year	\$ 200,555,409	\$ 411,642	\$ 200,967,051

See accompanying notes to consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Functional Expenses

Year Ended September 30, 2021

	Program Services				Supporting Services		Total
	Community and Information	Rehabilitation Services	LightHouse Enterprises	Total	Management and General	Development	
Personnel	\$ 1,954,050	\$ 2,757,389	\$ 1,895,261	\$ 6,606,700	\$ 1,958,528	\$ 643,261	\$ 9,208,489
Program costs	202,933	512,584	85,840	801,357	90,045	65,233	956,635
Cost of goods sold			1,928,250	1,928,250			1,928,250
Occupancy	292,267	249,642	126,102	668,011	73,739	17,472	759,222
Depreciation and amortization	690,054	822,128	458,008	1,970,190	578,389	139,011	2,687,590
Outside services	280,585	311,200	158,933	750,718	581,891	171,621	1,504,230
Postage and printing	1,545	849	8,144	10,538	878	67,525	78,941
Office supplies and equipment	51,663	2,931	136,854	191,448	4,296	786	196,530
Staff training, travel and conference	4,910	19,383	6,617	30,910	26,449	15,912	73,271
Insurance	530,149	52,414	112,801	695,364	56,536	8,785	760,685
Telephone	56,911	56,743	39,062	152,716	26,545	7,310	186,571
Bad debt, bank fee, interest and taxes	134,892	206,349	333,756	674,997	400,026	44,525	1,119,548
Shipping and delivery	1,330		69,219	70,549			70,549
Program marketing and public relations						11,074	11,074
Board expenses					11,095		11,095
Total expenses	\$ 4,201,289	\$ 4,991,612	\$ 5,358,847	\$ 14,551,748	\$ 3,808,417	\$ 1,192,515	\$ 19,552,680

See accompanying notes to consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Cash Flows

Year Ended September 30, 2021

Cash Flows from Operating Activities:	
Change in net assets	\$ 25,343,573
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Change in the value of interest rate swap	(1,770,882)
Net realized and unrealized gain on investments	(28,154,241)
Depreciation and amortization	2,687,590
Changes in operating assets and liabilities:	
Receivables	(490,782)
Prepaid expenses and other assets	(562,092)
Inventory	(348,801)
Accounts payable and accrued expenses	1,223,672
Accrued salaries and benefits	9,767
Deferred revenue	(75,162)
Net cash used by operating activities	(2,137,358)
Cash Flows from Investing Activities:	
Proceeds from the sale or maturity of investments	35,115,147
Purchase of investments	(30,037,324)
Distributions from investment in real estate	1,480,044
Purchase of property and equipment	(4,424,581)
Net cash provided by investing activities	2,133,286
Cash Flows from Financing Activities:	
Payment on loans payable	(910,000)
Payments on line of credit	(2,430,000)
Proceeds from line of credit	4,750,000
Net cash provided by financing activities	1,410,000
Net Change in Cash and Cash Equivalents	1,405,928
Cash and Cash Equivalents, beginning of the year	438,247
Cash and Cash Equivalents, end of the year	\$ 1,844,175
Supplemental Information	
Interest paid	\$ 755,567

See accompanying notes to consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Note 1 - Nature of Lighthouse and Summary of Significant Accounting Policies:

LightHouse for the Blind and Visually Impaired (Lighthouse), a California nonprofit public benefit corporation founded in 1902, provides a variety of programs to over 3,000 participants who are blind or visually impaired in San Francisco and throughout five locations throughout Northern California.

LightHouse is the sole owner of The Lighthouse Member LLC (LLC), and 1155 Market Street QALICB, (1155 Market) both California not-for-profit corporations. These entities own and operate two separate parcels of real estate. 1155 Market meets the criteria for consolidation for purposes of financial reporting.

Lighthouse receives support and revenue from a variety of sources.

Following is a description of the programs and services of Lighthouse:

Community and Information Services

- Community Services offers social, health promotion and educational classes for the blind. Opportunities include, yoga, dance, a book club, and many other programs. Cultural, artistic and fitness programs bring people together for social engagement and to build a community of low vision and blind people.
- Blind teens find a place where blindness is normal at LightHouse Youth Programs. Activities include adventures in the great outdoors, volunteer service and mentorship opportunities.
- A Counseling Services Program for the blind and low vision provides one-on-one counseling, peer counseling and group therapy sessions.
- The Media and Accessible Design Laboratory (MAD Lab) makes visual information accessible to people who are blind and visually impaired. The transcription team takes original copy and translates it into accessible formats, including braille, large print, and audio. An experienced team of braille certified tactile image and map designers helps corporate and governmental entities, educational institutions, and non-profit Lighthouses improve the accessibility and inclusiveness of their venues and services as well as comply with ADA signage standards and state building codes.

Vision Rehabilitation Services

- Blindness Skills provides instruction to people who are new to blindness or low vision to help them learn to use a white cane for mobility, read braille, utilize accessible technology and acquire adaptive methods for cooking and daily living.
- The LightHouse's Employment Immersion Program is a job training program specifically designed for blind and visually impaired jobseekers in the Bay Area. Our graduates have found jobs, starting them on a path of self-reliance and life fulfillment.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

- Enchanted Hills Camp for the Blind in Napa is one of the West's only camps for blind, visually impaired, deaf-blind and multi-disabled youth, adults and seniors. Enchanted Hills Camp is a place for blind campers to explore and create, gain courage, try new things and make lifelong friends.
- Deaf-Blind Services include a communications equipment and training program that is open to deaf-blind individuals throughout the state. It also hosts a special Enchanted Hills Camp session specifically for the deaf-blind.

LightHouse Enterprises

- LightHouse operates Adaptations, a brick-and-mortar store selling blind adaptive technologies and tools, such as white canes, guide dog supplies, magnifiers, talking watches and other items.
- LightHouse Industries provides direct employment at the Sirkin Lighthouse, our light manufacturing plant in Alameda where 75% of all direct labor is performed by blind or visually impaired employees.

a. Basis of Presentation and Consolidation

The consolidated financial statements include the financial statements of the Lighthouse and 1155 Market (known collectively as The Lighthouse). All material intercompany accounts and transactions have been eliminated.

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), applicable to not-for-profit organizations. The Lighthouse presents information regarding its net assets and activities according to two classes of net assets.

Net Assets Without Donor Restrictions – net assets that are not subject to donor-imposed stipulations. In addition, the Board has designated net assets of \$152,245,495 that are not restricted by donors but set aside by the Board for specific uses, including subsidizing operating deficits, capital improvements and program enhancements.

Net Assets With Donor Restrictions – net assets that are subject to donor-imposed restrictions. 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 the principal be invested in perpetuity. The Lighthouse has no restrictions that are perpetual in nature.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

b. Recognition of Revenue

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to Lighthouse. Donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using market discount rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Lighthouse uses the allowance method to determine uncollectible receivables. The allowance is based upon prior years' experience and management's analysis of specific promises made. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Government grants

A portion of Lighthouse's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/ or incurring qualifying expenses. Amounts received are recognized as revenue when Lighthouse has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Statement of Financial Position.

Sales

Sales and program service fees are recognized as revenue at the time that the sale is completed.

Program service fees

Program service fees are recognized at the time that the related service is provided to a client.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

d. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

e. Receivables

Receivables are stated at the amount the Lighthouse's management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to a valuation of its assessment of the current status of individual accounts. Management believes the entire balance of receivables is collectible, and therefore, no allowance was recorded as of September 30, 2021.

f. Investments

Investments in money market funds and mutual funds are carried at fair value based upon quoted market prices. Investments in privately held entities are carried at cost, which approximates fair value.

Gains and losses that result from market fluctuations are recognized in the Statement of Activities and Change in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned.

Investments in real estate are carried at cost.

g. Inventory

Inventory items are held for sale or resale and are stated at the lower of cost or market value and determined on a first-in, first-out basis.

h. Property and Equipment

The Lighthouse records property, equipment, and improvements in excess of \$5,000 at historical cost or, if donated, at fair market value at the date of donation. Depreciation is determined on the straight-line method over the estimated useful lives of the assets ranging from five to forty years.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

i. Functional Allocation of Expenses

The Lighthouse allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect costs are allocated among program and support services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

j. Income Taxes

The Lighthouse is a tax-exempt organization under Internal Revenue Service Code (IRC) §501(c)(3) and the applicable California tax code.

Management evaluated the Lighthouse's tax positions and concluded that the Lighthouse had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

k. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Lighthouse classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Lighthouse's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

m. New Accounting Pronouncement Recent Accounting Pronouncements

Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most of the existing revenue recognition guidance in U.S. GAAP and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The ASU was adopted by Lighthouse as of October 1, 2020. The impact of adopting this guidance is reflected in the consolidated financial statements and did not have a significant impact on the consolidated financial statement disclosures.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

n. Subsequent Events

The Lighthouse evaluated subsequent events for recognition and disclosure through February 14, 2022, the date which these consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since September 30, 2021 that requires recognition or disclosure in such consolidated financial statements.

Note 2 - **Receivables:**

Receivables consisted of the following at June 30, 2021:

Government grants	\$ 862,215
LightHouse Industries	467,549
Other	137,110
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Total	\$ 1,466,874

Note 3 - **Investments:**

The following are the major categories of investments measured at fair value on a recurring basis during the year ended September 30, 2021:

	Level 1	Level 2	Level 3	<u>Total</u>
Mutual funds - equity funds		\$ 94,493,351		\$ 94,493,351
Mutual funds - bond funds		55,007,288		55,007,289
Equity	\$ 10,312			10,312
Corporate Bonds	2,112,973			2,112,973
Money Market Funds	507,214			507,214
Equity Investment in Accessible Inc.			\$ 114,356	114,356
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Total	\$ 2,630,499	\$ 149,500,639	\$ 114,356	\$ 152,245,495

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Investment Income

The following summarizes the investment income during the year ended September 30, 2021:

Interest and dividend income	\$ 2,305,457
Realized gain on investments	10,242,628
Unrealized gain on investments	17,911,613
Investment Fees	(47,993)
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Total investment income, net	\$ 30,411,705

Investments serve as security for loans payable as described in Note 7.

Note 4 - Investment in Real Estate:

The Lighthouse Building LLC (the Company) is a single member LLC owned by Blind Holdings LLC. Blind Holdings LLC is owned jointly by the Lighthouse (90% owner via a single member LLC named "The Lighthouse Member LLC" (the LLC)) and 1155 Market LLC (10% owner). The Company owns the first eight floors, basement, roof and land, known as Parcel A of an eleven-story building located at 1155 Market Street, San Francisco California. Floors nine through eleven are owned by 1155 Market Street QALICB. The investment in real estate of \$22,962,332 recorded in the accompanying Statement of Financial Position represents the 90% interest in the Company equity as of September 30, 2021 per the Company's audited financial statements. The real estate is currently leased to the City and County of San Francisco through January 31, 2023 with two extension options for five years each.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Note 5 - Note Receivable:

On December 9, 2015, the Lighthouse entered into a loan agreement with USBCDC Investment Fund 105, LLC (“Borrower”) in the amount of \$11,630,500. The loan was entered into to obtain a New Market Tax Credit (“NMTC”) under Section 45D of the Internal Revenue Code. The Borrower used the proceeds to refinance a portion of the \$15,000,000 equity investment in the ESIC New Markets Partners LXII Limited Partnership, (the “Enterprise Community Development Entity or Enterprise CDE”) and fund a portion of the \$2,500,000 equity investment in USBCDE Sub-CDE 139, LLC, (the “USB CDE Investment”), return a portion of the capital contributions previously made by U.S. Bancorp Community Development Corporation in the amount of \$4,105,500, and pay various fees in connection with the NMTC transaction. The outstanding principal balance of the loan funds will accrue interest at a rate of 1.465827% per annum, payable quarterly. Principal payments will not become due until March 15, 2023, after the NMTC compliance period has ended, at which time the Borrower shall make a one-time payment to the Lighthouse in the amount of distributions by the Community Development Entities. The loan matures on December 9, 2045. The balance of the loan as of September 30, 2021 was \$11,630,500. The Lighthouse also earned interest from the leverage loan during the period in the amount of \$170,498 which is included in interest and dividend income in 2021.

Note 6 - Property and Equipment:

Property and Equipment consisted of the following at September 30, 2021:

Land	\$ 3,087,401
Buildings	61,635,330
Leasehold improvements	341,951
Furniture and equipment	4,239,845
Construction in progress	7,977,981
Intangibles	216,000
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	77,498,508
Less: accumulated depreciation	(14,268,283)
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Total	\$ 63,230,225

Construction in progress relates to costs incurred for the rehabilitation of Enchanted Hills Camp and improvements to the Lighthouse Industries facility. Total costs of these two projects approximate \$37,500,000 and will be funded through a variety of sources, including contributions, bank financing and the proceeds from insurance and legal settlements.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Note 7 - Debt:

The New Market Tax Credit (“NMTC”) was enacted as part of the Community Renewal Tax Relief Act of 2000 and was designed to stimulate investment in new private capital, which would in turn facilitate economic and community development in distressed communities. In connection with the NMTC transaction, on December 2, 2015, the Lighthouse entered into a loan agreement for a term loan in the amount of \$36,000,000. On April 24, 2020 the loan was refinanced and \$32,700,000 was borrowed, the proceeds of which were used to pay off the 2015 debt. The original 2015 loan accrued interest at a rate of one-month LIBOR plus 1.83% and was secured by investments held in U.S. Bank, as mentioned in Note 3. The refinanced loan bears interest at a fixed rate of 1.637%. Principal and interest payments are due monthly, and the unpaid principal and unpaid accrued interest is due upon maturity of the loan in April 2030. On September 30, 2021, the unpaid principal balance was \$31,494,000. Interest expense on the loan was \$530,937 for the year ended September 30, 2021.

In connection with the NMTC transaction, on December 2, 2015, the Lighthouse entered into two loan agreements for \$14,550,000 and \$2,500,000, respectively. Both loans are unsecured and the unpaid principal balances bear interest at the rate of 1.00% per annum. Interest only payments are due quarterly for the period from March 1, 2016 through December 1, 2022. Commencing March 1, 2023, principal and interest payments in the amounts of \$177,233 and \$30,452, respectively, are due quarterly until both notes mature on December 2, 2045. As of September 30, 2021, the combined unpaid principal balance on the notes was \$17,050,000 and combined interest payments of \$170,500 were made during the year then ended.

Both loans contain certain covenants with which Lighthouse was in compliance with at September 30, 2021. Expect future payments are as follows:

Year ending September 30,	US Bank	NMTC	Total
2022	\$ 940,000		\$ 940,000
2023	970,000	\$ 413,544	1,383,544
2024	1,000,000	708,932	1,708,932
2025	1,030,000	708,932	1,738,932
2026	1,060,000	708,932	1,768,932
Thereafter	26,494,000	14,509,660	41,003,660
Total	31,494,000	17,050,000	48,544,000
Less: Current Portion	(940,000)		(940,000)
Non - Current Portion	\$ 30,554,000	\$ 17,050,000	\$ 47,604,000

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Line of credit

The Lighthouse has a line of credit with a bank of \$10,000,000 bearing interest at a rate of one-month LIBOR plus 1.50%. The line of credit expires on November 24, 2021. The balance outstanding at September 30, 2021 is \$3,350,000.

Interest rate swap

In order to minimize the risk of interest rate movement, the Lighthouse entered into a swap agreement in conjunction with the refinancing of the 2015 loan during the year ended September 30, 2021, whereby it exchanged a variable rate of interest for a fixed rate of 1.637%.

The change in the value of the interest rate swap agreement is included in the accompanying Statement of Activities and Changes in Net Assets. As of September 30, 2021, the value of the interest swap was \$1,166,506 as a result of a net unrealized gain during the year of \$1,770,882. Domestic and international capital markets have experienced significant volatility. As a result, fluctuations in the fair value of interest rate swap may have occurred subsequent to September 30, 2021.

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted by time and/or purpose and consisted of the following at September 30, 2021:

Enchanted Hills Camp	\$	325,307
Rehabilitation services		20,055
Other		66,280
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Total	\$	411,642

For the years ended September 30, 2021, net assets released from restriction from various donor sources consisted of the following:

Enchanted Hills Camp	\$	478,526
Rehabilitation services		4,200
Other		9,094
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Total	\$	491,820

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Note 9 - Operating Leases and Service Agreements:

Future minimum payments under noncancelable leases and service agreements are as follows:

For the Years Ending
September 30,

2022	\$ 190,540
2023	691,540
2024	858,540
2025	855,000
2026	855,000
Thereafter	16,173,750
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Total	\$ 19,624,370

Total rent expense was \$383,638 for the year ended September 30, 2021.

Note 10 - Retirement Plans:

On November 7, 2019, the Lighthouse Board of Directors voted to amend its 401(k)-retirement plan to provide Safe-Harbor provisions effective January 1, 2020. Under the Safe-Harbor provisions, participating employees became fully vested in company contributions and the company match percentage was reduced from 7% in effect since 2016 to the 6% maximum allowable under Safe-Harbor. As part of the amendment, the Board also adopted a 3-month waiting period before new employees are eligible to enroll in the Plan.

During the year ended September 30, 2021, the Board approved a contribution to the plan which totaled \$292,465.

LightHouse also adopted a 457(b)-plan effective March 1, 2011. The plan is funded by employee contributions and the Lighthouse made no contributions toward this plan during the year ended September 30, 2021.

Note 11 - Contingencies:

The Lighthouse receives grants and contracts from various County, State, and Federal agencies. These grants and contracts are subject to inspect and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be estimated and, accordingly, the Lighthouse has no provisions for the possible disallowance of program costs. It is management's opinion that all grant and contract conditions have been met.

Lighthouse for the Blind and Visually Impaired

Notes to Consolidated Financial Statements

Note 12 - Availability and Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at September 30, 2021:

Total financial assets	
Cash and cash equivalents	\$ 1,844,175
Receivables	1,466,874
Investments	152,245,495
	<hr/>
	155,556,544
Less:	
Board-designated net assets	(152,245,495)
Net assets with restrictions	(411,642)
	<hr/>
Financial assets available to meet general expenditures	
needs for general expenditures within one year	\$ 2,899,407
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The Board of Directors allocates a portion of investment income to operations as necessary to subsidize any operating deficits.

Note 13 - Effects of Ongoing Pandemic:

Pandemic and Market Volatility:

Many federal, state and local governmental agencies have declared a state of emergency and issued a variety of recommendations impacting travel, group gatherings, etc. The Lighthouse has successfully implemented remote services for almost all existing programs.