

Financial Statements and Supplementary Information

LIGHTHOUSE CENTRAL FLORIDA, INC.

September 30, 2006

LIGHTHOUSE CENTRAL FLORIDA, INC.

Financial Statements and Supplementary Information

September 30, 2006

(With Independent Auditors' Report Thereon)

LIGHTHOUSE CENTRAL FLORIDA, INC.

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TSCHOPP, WHITCOMB & ORR, P.A.

Certified Public Accountants

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Independent Auditors' Report

The Board of Directors
Lighthouse Central Florida, Inc.:

We have audited the accompanying statement of financial position of Lighthouse Central Florida, Inc. (a nonprofit organization) as of September 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Lighthouse Central Florida, Inc.'s management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Central Florida, Inc. as of September 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2006 on our consideration of Lighthouse Central Florida, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Lighthouse Central Florida, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State financial assistance is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget, Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Tschopp, Whitcomb & Orr, P.A.

December 13, 2006

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Financial Position

September 30, 2006

Assets

Current Assets:

Cash and cash equivalents	\$ 344,380
Grant and other receivables	469,856
Unconditional promise to give	12,000
Prepaid expenses	7,684
Total current assets	<u>833,920</u>

Land, building and equipment, net (note 2)	2,111,600
Loan financing costs - net of \$480 of accumulated amortization	13,930
Deposits	12,100
Interest reserve fund	27,184
Total assets	<u>\$ 2,998,734</u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 20,304
Accrued expenses	66,132
Deferred revenue	33,568
Current maturities of long-term debt (note 3)	31,978
Total current liabilities	<u>151,982</u>

Long-term debt, less current maturities (note 3)	980,919
Total liabilities	<u>1,132,901</u>

Net Assets:

Unrestricted	1,608,620
Temporarily restricted	257,213
Total net assets	<u>1,865,833</u>

Total liabilities and net assets	<u>\$ 2,998,734</u>
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See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Activities

Year ended September 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support:			
Florida Department of Education	\$ 1,011,703	-	1,011,703
Local government grants	184,666	-	184,666
Foundations	125,077	7,213	132,290
United Way Heart of Florida	102,789	-	102,789
United Way - Other	40,000	-	40,000
Fund raising	203,550	250,000	453,550
Client fees and contracts	37,823	-	37,823
Interest income	12,424	-	12,424
Gain on sale of assets	700	-	700
Net Assets Released From Restrictions			
Satisfaction of program restrictions	45,515	(45,515)	-
Total revenue and public support	<u>1,764,247</u>	<u>211,698</u>	<u>1,975,945</u>
Expenses:			
Program services:			
Adult and family services	1,036,041	-	1,036,041
Children and family services	416,499	-	416,499
Total program services	<u>1,452,540</u>	<u>-</u>	<u>1,452,540</u>
Supporting services:			
Management and general	55,621	-	55,621
Fund raising	288,929	-	288,929
Total supporting services	<u>344,550</u>	<u>-</u>	<u>344,550</u>
Total expenses	<u>1,797,090</u>	<u>-</u>	<u>1,797,090</u>
Change in net assets	(32,843)	211,698	178,855
Net assets at September 30, 2005	<u>1,641,463</u>	<u>45,515</u>	<u>1,686,978</u>
Net assets at September 30, 2006	<u>\$ 1,608,620</u>	<u>257,213</u>	<u>1,865,833</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Functional Expenses

Year ended September 30, 2006

	Program Services		Supporting Services		Total
	Adult and Family	Children and Family	Management and General	Fundraising	
Salaries, wages and related expenses:					
Salaries and wages	\$ 620,338	268,942	25,202	129,220	1,043,702
Employee benefits	113,623	33,969	4,246	24,062	175,900
Payroll taxes	56,006	19,300	4,418	11,432	91,156
Total salaries, wages and related expenses	789,967	322,211	33,866	164,714	1,310,758
Operating expenses:					
Administrative and board	5,544	4,089	2,088	1,789	13,510
Amortization	244	120	34	82	480
Contract services	65,869	29,927	1,356	30,719	127,871
Depreciation	34,153	16,741	4,688	11,384	66,966
Dues and subscriptions	8,899	3,367	991	2,327	15,584
Insurance	15,616	6,568	1,706	4,630	28,520
Interest	7,410	3,107	2,935	2,183	15,635
Miscellaneous	-	-	1,472	-	1,472
Office supplies	8,113	2,584	114	4,515	15,326
Postage	1,229	489	552	2,457	4,727
Printing	1,176	239	9	594	2,018
Program materials and supplies	15,812	(9,444)	677	109	7,154
Recruiting and advertising	1,706	349	40	10,496	12,591
Rent	1,653	2,080	-	441	4,174
Repairs and maintenance	17,795	6,870	1,729	9,743	36,137
Resource development	876	554	52	30,402	31,884
Seminars and meetings	7,094	2,333	881	2,319	12,627
Staff development	3,472	2,324	170	526	6,492
Sight impaired merchandise	2,195	-	-	872	3,067
Taxes and licenses	2,775	928	255	815	4,773
Telephone	11,423	4,670	1,065	2,575	19,733
Travel general	21,617	13,037	243	2,423	37,320
Travel students	3,333	5	1	73	3,412
Utilities	8,070	3,351	697	2,741	14,859
Total expenses	\$ 1,036,041	416,499	55,621	288,929	1,797,090

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Cash Flows

Year ended September 30, 2006

Cash flows from operating activities:	
Change in net assets	\$ 178,855
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	480
Depreciation	66,966
Gain on sale of assets	(700)
Increase in grant and other receivables	(291,243)
Decrease in unconditional promises to give	4,166
Decrease in prepaid expenses	15,939
Increase in accounts payable	827
Increase in accrued expenses	12,256
Increases in deferred revenue	25,543
Net cash provided by operating activities	<u>13,089</u>
Cash flows from investing activities:	
Purchase of land, building and equipment	(837,821)
Proceeds from sale of furniture, fixtures and equipment	700
Net cash used in investing activities	<u>(837,121)</u>
Cash flows provided by financing activities:	
Loan financing costs	(14,410)
Increase in interest fund	(27,184)
Proceeds on long-term debt	1,012,897
Payments on long-term debt	(258,757)
Net cash provided by financing activities	<u>712,546</u>
Net decrease in cash	(111,486)
Cash - beginning of year	<u>455,866</u>
Cash - end of year	<u>\$ 344,380</u>
Supplemental disclosure of cash flow information:	
Cash payments for:	
Interest	<u>\$ 29,062</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2006

(1) **Organization and Summary of Significant Accounting Policies**

(a) **Organization**

Lighthouse Central Florida, Inc. was organized in Florida in 1983 as a nonprofit organization. The corporation is organized exclusively for charitable purposes to further the interest of visually impaired and multi-impaired persons by supporting a community program for visually impaired and multi-impaired persons. Lighthouse Central Florida, Inc., can solicit, receive; hold and disperse gifts, bequests, and other funds from individuals, trust, corporations, foundations, or other organizations for the purpose of Lighthouse Central Florida, Inc.; conduct fund raising campaigns; and raise money and gifts.

(b) **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*.

Under SFAS No. 117, net assets and revenue, support, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. 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---Cash and other assets if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets (as defined above) and reported in the statement of activities as "Net assets released from restrictions". If a restriction is fulfilled in the same time period in which the support is received, Lighthouse Central Florida, Inc. reports the support as unrestricted. Temporarily restricted net assets at September 30, 2006 consisted primarily of funds received from the Edyth Bush Charitable Foundation.
- ◆ Permanently restricted net assets---Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. There were no permanently restricted net assets at September 30, 2006.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2006

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(c) **Revenue and Expense Recognition**

Lighthouse Central Florida, Inc. recognizes public support, revenue, and expenses on the accrual basis. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or required services are performed. Functional expenses are allocated between programs on the basis of specific identification, where possible, or management's best estimates.

(d) **Contributions**

Lighthouse Central Florida, Inc. accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

(e) **Unconditional Promises to Give**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected within one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management considers all of the funding to be unconditional and collectible within the coming year; therefore, no allowance for uncollectible amounts is necessary at September 30, 2006.

(f) **Cash and Cash Equivalents**

For purpose of the statement of cash flow, Lighthouse Central Florida, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2006

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(g) **Land, Building and Equipment**

Land, buildings and equipment are capitalized at cost when purchased or at estimated fair value at the date of gift if donated. Assets are capitalized when the purchase price exceeds \$500 and the estimated useful live is more than one year. Depreciation is provided on a straight-line basis over the following estimated useful lives of the assets:

Furniture and equipment	3 – 7 years
Vans	5 years
Land improvements	15 years
Building and building improvements	39 years

(h) **Income Taxes**

Lighthouse Central Florida, Inc. received their notice of qualifications from the Internal Revenue Service dated November 1984 as an organization exempt from income taxes under Internal Revenue Code section 501(c)(3), and is not considered a private foundation. Accordingly, no provision or benefit for income taxes has been reflected in the accompanying financial statements.

(i) **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.

(j) **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on an analysis of personnel time, space utilized, and utilities consumed for the related activities.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2006

(1) **Organization and Summary of Significant Accounting Policies - Continued**

(k) **Donated Materials and Services**

Lighthouse Central Florida, Inc. records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials, equipment and services are reflected as contributions in the accompanying statements at their estimated fair values at the date of receipt. No amount has been reflected in the statements for volunteer hours, as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in Lighthouse Central Florida, Inc.'s program services.

(2) **Land, Building and Equipment**

Land, building and equipment at September 30, 2006 consist of the following:

Land	\$ 333,498
Building and improvements	2,010,033
Equipment and furniture	<u>306,949</u>
	2,650,480
Less accumulated depreciation	<u>538,880</u>
Net land, building and equipment	<u>\$ 2,111,600</u>

(3) **Long-Term Debt**

Long-term debt consists of the following at September 30, 2006:

Note payable to bank, interest only payable through October 2006; then payable in monthly installments of \$8,627 including interest at 7.75%, secured by property through April 2021.	\$ 900,000
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(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2006

(3) **Long-Term Debt - Continued**

Long-term debt consists of the following at September 30, 2006:

Note payable to the City of Orlando. The loan was made to provide funding for the facility upgrades/improvements to the Organization's facility. The obligation originated on August 30, 2005 and is due on December 31, 2011. The note has a zero percent interest and will be forgiven assuming the funding is appropriately used for its intended purpose as defined in the loan agreement. Interest has been imputed at 7.75%.

Less current portion

Long-term debt, less current portion

	112,897
	<u>1,012,897</u>
	31,978
	<u>\$ 980,919</u>

Future maturities of long-term debt are as follows:

Year ended September 30,

2007	\$ 31,978
2008	37,566
2009	40,584
2010	43,843
2011	47,364
Thereafter	<u>811,562</u>
	<u>\$ 1,012,897</u>

(4) **Retirement Plan**

Lighthouse Central Florida, Inc. sponsors a 401(k) Plan for eligible employees. Lighthouse Central Florida, Inc. matches up to 3% of the employee's contribution, not to exceed 3% of eligible salary. Contributions to the Plan for the year ended September 30, 2006 amounted to approximately \$42,150.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2006

(5) Concentration of Credit Risk

Financial instruments that potentially subjects Lighthouse Central Florida, Inc. to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables. The Lighthouse Central Florida, Inc. places their cash and cash equivalents in different financial institutions in which cash balances exceed federally insured limits. Lighthouse Central Florida, Inc.'s uninsured cash balance totaled \$105,194 at September 30, 2006. Lighthouse Central Florida, Inc. regularly monitors the financial conditions of the institutions in which it has depository accounts and believes the risk of loss is minimal. Concentration of credit risk with respect to unsecured receivables are limited as the receivables are primarily grants receivable from governmental agencies.

SUPPLEMENTARY INFORMATION



TSCHOPP, WHITCOMB & ORR, P.A.

Certified Public Accountants

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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Lighthouse Central Florida, Inc.

We have audited the financial statements of Lighthouse Central Florida, Inc. as of and for the year ended September 30, 2006, and have issued our report thereon dated December 13, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lighthouse Central Florida, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the finance committee, management, others within the organization and Federal, state and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tschopp, Whitcomb & Orr, P.A.

Maitland, Florida
December 13, 2006

Internal Control Over Compliance

The management of Lighthouse Central Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lighthouse Central Florida, Inc.'s internal control over compliance with requirements that could have a direct material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ischep. Whitcomb & Co., P.A.

December 13, 2006

Lighthouse Central Florida, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2006

I. Summary of the Audit Results

1. The Auditors' report expresses an unqualified opinion on the financial statements of Lighthouse Central Florida, Inc.
2. No reportable conditions were disclosed during the audit of internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with government auditing standards.
3. No instances of noncompliance material to the financial statements of Lighthouse Central Florida, Inc. were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major Federal award programs for Lighthouse Central Florida, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal award programs for Lighthouse Central Florida, Inc.
7. The program tested as a major program was the Title I HIV Emergency Relief Grant Program.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The auditee did qualify as a low-risk auditee.

II. Financial Statement Findings

1. No matters reported.

III. Federal Award Findings and Questioned Costs

1. No matters reported.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2006

Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	State CSFA Number	Contract Number	Expenditures
<u>Federal Awards</u>				
Major Programs:				
U.S. Department of Education:				
Passed through the State of Florida,				
Department of Education:				
Independent Living, Title VII	84.177	N/A	06-520	\$ 354,578
Vocational Rehabilitation, Title I	84.126	N/A	06-535	247,200
Supported Employment	84.187	N/A	06-544	25,000
				<u>626,778</u>
U.S. Department of Housing and Urban Development:				
Passed through City of Orlando				
Community Development Block Grant	14.218	N/A	N/A	Loan Balance 112,897
Total expenditures Federal Awards				<u>\$ 739,675</u>
<u>State Financial Assistance</u>				
State of Florida, Department of Education:				
Blind babies program	N/A	48.062	06-505	\$ 152,500
* Independent Living, Title VII	84.177	N/A	06-520	118,192
Other Independent Living	N/A	N/A	N/A	39,233
Supported Employment	84.187	N/A	06-544	75,000
Total expenditures State financial assistance				<u>\$ 384,925</u>

Note 1: Basis of Presentation

The accompanying schedule of Federal and State expenditures includes the grant activity of Lighthouse Central Florida, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

* Amounts were federal matching dollars so they are not considered under Chapter 10.650, Rules of the Auditor General.