

Financial Statements and Supplementary Information

LIGHTHOUSE CENTRAL FLORIDA, INC.

September 30, 2011 and 2010

LIGHTHOUSE CENTRAL FLORIDA, INC.

Financial Statements and Supplementary Information

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

LIGHTHOUSE CENTRAL FLORIDA, INC.

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SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

986 Douglas Avenue, Suite 100
Altamonte Springs, Florida 32714
Phone: (407) 875-2760
Fax: (407) 875-2762

Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 300
Maitland, Florida 32751
Phone: (407) 839-3330
Fax: (407) 839-3660

Michael R. Schafer, CPA
Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditors' Report

The Board of Directors
Lighthouse Central Florida, Inc.:

We have audited the accompanying statements of financial position of Lighthouse Central Florida, Inc. (a nonprofit organization) as of September 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years 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 5, 2011 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, 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 Section 215.97 of the Florida Statutes of the Florida Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schacter, Tschagg, Whitcomb, Mitchell & Shuiken, LLP

December 5, 2011

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statements of Financial Position

September 30, 2011 and 2010

	<u>Assets</u>	
	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents (includes \$300,277 for Lighthouse Works! - note 6)	\$ 635,082	1,484,155
Investments (note 2)	1,541,935	1,340,136
Grant and other receivables	560,260	334,818
Inventory	7,421	4,319
Total current assets	<u>2,744,698</u>	<u>3,163,428</u>
Land, building and equipment, net (notes 3 and 4)	2,169,838	2,038,673
Loan financing costs - net of \$1,651 and \$638 of accumulated amortization	5,440	6,453
Deposits	18,700	13,400
Total assets	<u>\$ 4,938,676</u>	<u>5,221,954</u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Accounts payable	\$ 1,061	1,311
Accrued expenses	146,445	172,529
Current maturities of long-term debt (note 4)	134,429	19,659
Total current liabilities	<u>281,935</u>	<u>193,499</u>
Long-term debt, less current maturities (note 4)	617,933	751,832
Total liabilities	<u>899,868</u>	<u>945,331</u>
Unrestricted net assets	3,876,165	4,276,623
Temporarily restricted net assets	162,643	-
Total net assets	<u>4,038,808</u>	<u>4,276,623</u>
Total liabilities and net assets	<u>\$ 4,938,676</u>	<u>5,221,954</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Activities

Year ended September 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Unrestricted net assets:			
Revenue and Other Support:			
Florida Department of Education	\$ 2,528,958	-	2,528,958
Local government grants	61,105	-	61,105
Foundations	94,000	236,196	330,196
United Way Heart of Florida	70,255	-	70,255
United Way - Designations	27,328	-	27,328
Contributions	128,077	-	128,077
Fund raising, net of \$73,123, direct benefit to donor costs	158,912	-	158,912
Client fees and contracts	19,663	-	19,663
Investment income (note 2)	(83,206)	-	(83,206)
Net assets release from restrictions:			
Satisfaction of program restrictions	73,553	(73,553)	-
Total revenue and public support	<u>3,078,645</u>	<u>162,643</u>	<u>3,241,288</u>
Expenses:			
Program services:			
Adult and family services	1,098,109	-	1,098,109
Children and family services	838,063	-	838,063
Employment services	725,833	-	725,833
Lighthouse Works!, Inc.	355,191	-	355,191
Total program services	<u>3,017,196</u>	<u>-</u>	<u>3,017,196</u>
Supporting services:			
Management and general	116,793	-	116,793
Fund raising	345,114	-	345,114
Total supporting services	<u>461,907</u>	<u>-</u>	<u>461,907</u>
Total expenses	<u>3,479,103</u>	<u>-</u>	<u>3,479,103</u>
Change in net assets	(400,458)	162,643	(237,815)
Net assets at September 30, 2010	<u>4,276,623</u>	<u>-</u>	<u>4,276,623</u>
Net assets at September 30, 2011	<u>\$ 3,876,165</u>	<u>162,643</u>	<u>4,038,808</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Activities

Year ended September 30, 2010

Unrestricted net assets:

Revenue and Other Support:

Florida Department of Education	\$ 2,255,161
Local government grants	123,101
Foundations	110,000
United Way Heart of Florida	90,490
United Way - Other	26,280
Contributions	2,074,709
Special events, net of \$77,145 direct benefit to donor costs	132,920
Client fees and contracts	32,537
Investment income (note 2)	78,181
Loss on sale of assets	(362)
	<hr/>
Total revenue and public support	4,923,017

Expenses:

Program services:

Adult and family services	1,422,583
Children and family services	843,020
Employment services	393,361
	<hr/>
Total program services	2,658,964

Supporting services:

Management and general	179,824
Fund raising	363,554
	<hr/>
Total supporting services	543,378

Total expenses	<hr/> 3,202,342
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Change in net assets	1,720,675
Net assets at September 30, 2009	<hr/> 2,555,948
Net assets at September 30, 2010	<hr/> <u>\$ 4,276,623</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Functional Expenses

Year ended September 30, 2011

	Program Services				Supporting Services		Total
	Adult and Family	Children and Family	Employment Services	Lighthouse Works!, Inc.	Management and General	Fundraising	
Salaries, wages and related expenses:							
Salaries and wages	\$ 613,061	475,644	474,066	234,414	65,458	216,979	2,079,622
Employee benefits	119,985	82,694	74,583	25,460	10,083	37,746	350,551
Payroll taxes	50,209	40,459	41,070	18,596	5,550	18,729	174,613
Total salaries, wages and related expenses	783,255	598,797	589,719	278,470	81,091	273,454	2,604,786
Operating expenses:							
Administrative and board	905	2,445	918	3,806	737	829	9,640
Amortization	706	144	163	-	-	-	1,013
Bank and brokerage fees	102	82	88	91	12,522	36	12,921
Contract services	31,018	54,424	23,480	28,103	3,960	9,731	150,716
Depreciation	82,582	16,710	18,884	-	43	83	118,302
Development projects	31	15	143	57	-	10,974	11,220
Dues and subscriptions	4,813	4,587	3,703	1,161	638	2,453	17,355
Insurance	19,891	7,092	11,668	-	4,004	1,848	44,503
Interest	27,314	2,121	7,128	221	4	357	37,145
Office supplies	20,404	14,400	14,023	3,385	2,001	7,545	61,758
Postage	1,034	831	891	496	114	432	3,798
Printing	19,185	3,282	3,565	135	284	4,310	30,761
Program materials and supplies	23,534	40,507	70	56	1,155	81	65,403
Recruiting and advertising	1,442	199	-	1,279	-	5,375	8,295
Rent	926	12,613	5,557	5,063	1,852	1,852	27,863
Repairs and maintenance	39,162	27,192	20,506	1,973	3,513	12,259	104,605
Staff development	7,396	11,023	3,484	16,926	2,477	4,662	45,968
Taxes and licenses	301	239	262	3,030	38	108	3,978
Telephone	6,766	7,081	6,786	1,309	1,024	2,537	25,503
Travel general	10,982	20,895	16,161	3,456	243	2,475	54,212
Travel students	4,519	3,493	(7,987)	-	-	62	87
Utilities	11,841	9,891	6,621	6,174	1,093	3,651	39,271
Total expenses	\$ 1,098,109	838,063	725,833	355,191	116,793	345,114	3,479,103

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Functional Expenses

Year ended September 30, 2010

	Program Services			Supporting Services		Total
	Adult and Family	Children and Family	Employment Services	Management and General	Fundraising	
Salaries, wages and related expenses:						
Salaries and wages	\$ 877,849	429,170	228,435	138,698	163,929	1,838,081
Employee benefits	149,254	78,454	36,551	11,490	23,700	299,449
Payroll taxes	72,110	34,195	19,942	4,074	12,974	143,295
Total salaries, wages and related expenses	1,099,213	541,819	284,928	154,262	200,603	2,280,825
Operating expenses:						
Administrative and board	4,820	3,189	1,749	2,748	1,036	13,542
Amortization	5,717	3,044	1,601	351	973	11,686
Bank fees	2,379	105	55	657	491	3,687
Contract services	68,613	58,769	23,206	6,216	95,804	252,608
Depreciation	45,957	24,467	12,866	2,817	7,823	93,930
Development projects	-	-	-	-	17,435	17,435
Dues and subscriptions	11,083	5,995	3,021	902	3,631	24,632
Insurance	16,706	8,728	3,596	1,420	2,828	33,278
Interest	19,861	10,574	5,560	1,752	3,381	41,128
Office supplies	24,736	13,333	9,221	1,884	6,270	55,444
Postage	1,802	948	556	153	1,293	4,752
Printing	1,138	563	336	93	703	2,833
Program materials and supplies	9,420	34,691	5,723	169	111	50,114
Recruiting and advertising	1,549	110	58	18	35	1,770
Rent	1,970	54,931	1,509	146	282	58,838
Repairs and maintenance	38,216	20,717	7,007	2,589	9,539	78,068
Staff development	21,226	14,105	10,683	948	4,543	51,505
Taxes and licenses	448	253	140	39	76	956
Telephone	13,046	9,588	4,012	1,100	2,021	29,767
Travel general	19,826	19,957	8,062	406	2,449	50,700
Travel students	1,777	6,966	5,810	-	-	14,553
Utilities	13,080	10,168	3,662	1,154	2,227	30,291
Total expenses	\$ 1,422,583	843,020	393,361	179,824	363,554	3,202,342

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statements of Cash Flows

Years ended September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ (237,815)	1,720,675
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	1,013	11,686
Depreciation	118,302	93,930
Donated investments	-	(1,302,070)
Loss on sale of assets	-	362
Unrealized gain (loss) on investments	139,692	(38,066)
Changes in operating assets and liabilities:		
Grant and other receivables	(225,442)	(136,529)
Inventory	(3,102)	(4,319)
Deposits	(5,300)	-
Accounts payable	(250)	(7,705)
Accrued expenses	<u>(26,084)</u>	<u>91,608</u>
Net cash provided by (used in) operating activities	<u>(238,986)</u>	<u>429,572</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	(249,467)	(31,139)
Purchase of investments, net	<u>(341,491)</u>	<u>-</u>
Net cash used in investing activities	<u>(590,958)</u>	<u>(31,139)</u>
Cash flows provided by financing activities:		
Proceeds from long-term debt	-	669,357
Payments on long-term debt	(19,129)	(691,719)
Payment of loan closing costs	<u>-</u>	<u>(7,091)</u>
Net cash used in financing activities	<u>(19,129)</u>	<u>(29,453)</u>
Net change in cash	(849,073)	368,980
Cash - beginning of year	<u>1,484,155</u>	<u>1,115,175</u>
Cash - end of year	<u>\$ 635,082</u>	<u>1,484,155</u>
Supplemental disclosure of cash flow information:		
Cash payments for:		
Interest	<u>\$ 37,145</u>	<u>41,128</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

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

(a) **Organization**

Lighthouse Central Florida, Inc. (the Organization) 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**

Lighthouse Central Florida, Inc.'s resources are classified and reported 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. There were \$162,643 and \$0 in temporarily restricted net assets as of September 30, 2011 and 2010, respectively.
- ◆ 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, 2011 and 2010.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

(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**

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, 2011 and 2010.

(f) **Cash and Cash Equivalents**

For purposes of the statements of cash flows, 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.

(g) **Investments**

Investments are stated at fair value which is determined based on quoted market prices.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

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

(h) **Land and, 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

(i) **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.

The Organization has adopted provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. As of September 30, 2011, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

(j) **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.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

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

(k) **Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization's cash deposits are placed in highly rated financial institutions which at times may exceed the Federal Deposit Insurance Corporation (FDIC) coverage. The Organization has not experienced any losses in its cash accounts and does not believe it is exposed to any significant credit risks related to uninsured amounts.

The Organization grants credit primarily to governmental agencies and pass-through entities. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks on these accounts.

(l) **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements 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.

(m) **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 financial statements at their estimated fair values at the date of receipt. No amount has been reflected in the financial 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.

(n) **Subsequent Events**

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through December 5, 2011, which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of December 5, 2011 have been incorporated into these financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

(2) **Investments**

The Organization follows the accounting standards for fair value measurement, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements of assets and liabilities, as well as for any other assets and liabilities that are carried at fair value on a recurring basis. The adoption of these provisions did not impact the Organization's financial position or results of operations.

Fair value is defined under "Fair Value Measurements and Disclosures," FASB Accounting Standards Codification Topic 820 (Topic 820) as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels of inputs to the valuation methodology are:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: quoted prices for similar assets and liabilities in active markets or inputs that are observable
- Level 3: inputs that are unobservable (for example, cash flow modeling based on assumptions)

The Organization did not change its valuation techniques during the year and continues to use Level 1 inputs to measure the fair value of its investments.

The following table summarizes the valuation of the Organization's financial assets measured at fair value on a recurring basis as of September 30, 2011, based on the level of input utilized to measure fair value. All investments at September 30, 2011 have been valued using input level 1.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

(2) Investments - Continued

	<u>Cost</u>	<u>Fair Value</u>
Unrestricted investments:		
1/100 Berkshire HTWY CLA	\$ 120,300	106,800
Artio Global High Income	40,000	35,057
Loomis Sayles Bond Fund	40,000	39,154
Pimco Total Return Fund	65,000	64,940
Hartford Global All	200,000	173,937
Ivy Asset Strategy Fund	80,000	68,653
James Balanced Golden	100,000	97,807
Meridian Growth Fund	50,000	41,802
Health Care Reit Inc.	69,843	71,604
Ishares S&P US PFD Fund	69,880	63,742
Ishares TR Barclays Tips	39,704	42,291
Powershs QQQ Trust SER 1	69,878	67,712
SPDR S&P Dividend ETF	125,092	112,636
Vanguard Div Appreciation	124,920	117,024
Vanguard MSCI Emerging	60,027	45,504
Wisdomtree ETF	74,934	59,353
Principal Life	49,543	53,559
Ameris Bank	101,529	102,899
GE Capital Fin	101,856	100,294
Wachovia Mrtge	76,981	77,167
	<u>\$ 1,659,487</u>	<u>1,541,935</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended September 30:

	<u>2011</u>	<u>2010</u>
Interest and dividends	\$ 46,580	40,115
Realized gains	9,906	38,066
Unrealized losses	(139,692)	-
	<u>\$ (83,206)</u>	<u>78,181</u>

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

(2) Investments - Continued

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, the values of investment securities may change, and these changes may materially affect the amounts reported in the statement of financial position.

(3) Land, Building and Equipment

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

	<u>2011</u>	<u>2010</u>
Land	\$ 333,498	333,498
Building and improvements	2,243,221	2,145,664
Equipment and furniture	465,944	314,034
	<u>3,042,663</u>	<u>2,793,196</u>
Less accumulated depreciation	872,825	754,523
Net land, building and equipment	<u>\$ 2,169,838</u>	<u>2,038,673</u>

(4) Long-Term Debt

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

	<u>2011</u>	<u>2010</u>
Note payable to bank, principal and interest monthly installments of \$4,691 payable through March 2017 with balloon payment for remaining principal and interest due March 2017. Interest rate is 5.64%. Note is secured by property.	\$ 639,465	658,594

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

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

	<u>2011</u>	<u>2010</u>
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%.	112,897	112,897
	<u>752,362</u>	<u>771,491</u>
Less current portion	<u>134,429</u>	<u>19,659</u>
Long-term debt, less current portion	<u>\$ 617,933</u>	<u>\$ 751,832</u>

Future maturities of long-term debt are as follows:

<u>Year ended September 30,</u>	
2012	\$ 134,429
2013	22,001
2014	23,275
2015	24,621
2016	26,047
Thereafter	<u>521,989</u>
	<u>\$ 752,362</u>

(5) **Retirement Plan**

Lighthouse Central Florida, Inc. sponsors a 401(k) Plan for eligible employees. Lighthouse Central Florida, Inc. matches up to 6% of the employee's contribution at September 30, 2011 and 2010, not to exceed 6% of eligible salary at September 30, 2011 and 2010. Contributions to the Plan for the years ended September 30, 2011 and 2010 amounted to \$54,705 and \$54,063, respectively.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2011 and 2010

(6) **Lighthouse Works!, Inc.**

During 2011, Lighthouse Central Florida, Inc. began operating a call center in an effort to secure employment opportunities for individuals with sight impairment and to generate funds in support of rehabilitative services. The call center operates as an entity named Lighthouse Works!, Inc. (LHW). For the year ended September 30, 2011, LHW had \$178,770 of revenue, which has been included in the consolidated revenue amounts on the September 30, 2011 statement of activities. Expenses for LHW are shown separately on the statement of functional expenses for September 30, 2011. LHW will become a separately reported entity pending approval from the Internal Revenue Service on their request as such under the group exemption filing.

SUPPLEMENTARY INFORMATION

986 Douglas Avenue, Suite 100
Altamonte Springs, Florida 32714
Phone: (407) 875-2760
Fax: (407) 875-2762

Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 300
Maitland, Florida 32751
Phone: (407) 839-3330
Fax: (407) 839-3660

Michael R. Schafer, CPA
Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

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, 2011, and have issued our report thereon dated December 5, 2011. We conducted our audits 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lighthouse of Central Florida, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lighthouse Central Florida Inc.'s internal control over financial reporting.

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Scharfer, Tschagg, Whitcomb, Mitchell & Shuiken, LLP

Altamonte Springs, Florida
December 5, 2011

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

986 Douglas Avenue, Suite 100
Altamonte Springs, Florida 32714
Phone: (407) 875-2760
Fax: (407) 875-2762

Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 300
Maitland, Florida 32751
Phone: (407) 839-3330
Fax: (407) 839-3660

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Florida Single Audit Act

To the Board of Directors
Lighthouse Central Florida, Inc.

Compliance

We have audited the compliance of Lighthouse Central Florida, Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and in the State of Florida *State Projects Compliance Supplement* that are applicable to each of its major federal programs and state projects for the year ended September 30, 2011. Lighthouse Central Florida, Inc.'s major federal programs and state projects are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of Lighthouse Central Florida, Inc.'s management. Our responsibility is to express an opinion on compliance based on our audits.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Section 215.97 of the Florida Statutes of the Florida Single Audit Act. Those standards, OMB Circular A-133 and the Florida Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Lighthouse Central Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination on Lighthouse Central Florida, Inc.'s compliance with those requirements.

In our opinion, Lighthouse Central Florida, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program and state project for the year ended September 30, 2011.

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 audits, 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lighthouse Central Florida, Inc.'s internal control over compliance.

A deficiency in an organization's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility, that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Schaefer, Tschoff, Whitcomb, Mitchell & Shulman, LLP

Altamonte Springs, Florida
December 5, 2011

Lighthouse Central Florida, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2011

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 significant deficiencies or material weaknesses in internal control over the major federal award program and the major state project were disclosed during the audit in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Major State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Florida Single Audit Act.
5. The auditors' report on compliance for the major Federal award programs and State Projects for Lighthouse Central Florida, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major Federal award programs and State Projects for Lighthouse Central Florida, Inc.
7. The programs tested as major programs were the Title VII Independent Living Program, Job Readiness and Development Program, and Transition 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.

(Continued)

Lighthouse Central Florida, Inc.
Schedule of Findings and Questioned Costs (Continued)
Year Ended September 30, 2011

III. Federal Award and State Projects Findings and Questioned Costs

1. No matters reported.

IV. Summary Schedule of Prior Audit Finding

1. No matters reported.

V. Other Issues

No summary Schedule of Prior Audit Findings is required because there are no prior audit findings related to Federal programs or State Projects; no Corrective Action Plan is required because there are no findings required to be reported under the Federal Audit Act.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30, 2011

Grantor/ Pass-Through Grantor/ Program Title	Period of Award	Federal CFDA Number	State CSFA Number	Contract Number	Expenditures
Federal Awards					
Major Programs:					
U.S. Department of Education:					
Passed through the State of Florida:					
Department of Education:					
Public Awareness - ARRA	3/15/10 - 8/31/11	84.390A	N/A	10-896	\$ 55,000
Job Readiness and Development - ARRA	3/15/10 - 8/31/11	84.390A	N/A	10-976	440,360
Independent Living - ARRA	10/1/09 - 6/30/11	84.177A	N/A	10-585	91,711
Independent Living, Title VII	7/1/10 - 6/30/11	84.177	N/A	11-520	252,857
	7/1/11 - 6/30/12	N/A	48.062	12-520	108,150
	7/1/11 - 9/30/12	N/A	48.062	12-535	103,719
Vocational Rehabilitation, Title I					
Supported Employment Services - Developmental					
Disabilities	10/1/10 - 9/30/11	84.126	N/A	10-558 renewal	120,000
Transition Services	10/1/10 - 9/30/11	48.126	N/A	10-551 renewal	518,400
Total Federal Awards					\$ 1,690,197

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)

Year ended September 30, 2011

Grantor/ Pass-Through Grantor/ Program Title	Period of Award	Federal CFDA Number	State CSFA Number	Contract Number	Expenditures
<u>State Financial Assistance</u>					
State of Florida, Department of Education: Blind babies program	7/1/10 - 6/30/11	N/A	48.062	11-512	\$ 129,168
	7/1/11 - 6/30/12	N/A	48.062	12-512	43,056
Independent Living - ARRA	10/1/09 - 6/30/11	N/A	N/A	10-585	21,432
Independent Living, Title VII	7/1/10 - 6/30/11	N/A	N/A	11-520	94,014
Vocational Rehabilitation, Title I	7/1/10 - 6/30/11	N/A	N/A	11-535	338,378
	7/1/11 - 9/30/12	N/A	48.062	12-535	51,859
Supported Employment Services - Development Disabilities	10/1/10 - 9/30/11	N/A	N/A	10-558 renewal	127,500
Vocational Rehabilitation Transition Services Adult Program	10/1/10 - 9/30/11	N/A	N/A	10-551 renewal	23,904
	7/1/11 - 6/30/12	N/A	48.044	12-569	9,450
Total expenditures State financial assistance					<u>838,761</u>
Total Federal award and State financial assistance					<u>\$ 2,528,958</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.