

Financial Statements and Supplementary Information

LIGHTHOUSE CENTRAL FLORIDA, INC.

September 30, 2009 and 2008

LIGHTHOUSE CENTRAL FLORIDA, INC.

Financial Statements and Supplementary Information

September 30, 2009 and 2008

(With Independent Auditors' Report Thereon)

LIGHTHOUSE CENTRAL FLORIDA, INC.

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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, 2009 and 2008, 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, 2009 and 2008, 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 November 6, 2009 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.

Schaefer, Tschoff, Whitcomb, Mitchell & Sheridan, LLP

November 6, 2009

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statements of Financial Position

September 30, 2009 and 2008

	<u>Assets</u>	
	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and cash equivalents	\$ 1,115,175	886,212
Grant and other receivables	198,289	310,907
Total current assets	<u>1,313,464</u>	<u>1,197,119</u>
Land, building and equipment, net (notes 2 and 3)	2,101,826	2,185,636
Loan financing costs - net of \$3,362 and \$2,402 of accumulated amortization	11,048	12,008
Deposits	<u>13,400</u>	<u>12,100</u>
Total assets	<u><u>\$ 3,439,738</u></u>	<u><u>3,406,863</u></u>
	<u>Liabilities and Net Assets</u>	
Current Liabilities:		
Accounts payable	\$ 9,016	127,776
Accrued expenses	80,921	82,062
Current maturities of long-term debt (note 3)	<u>39,617</u>	<u>40,584</u>
Total current liabilities	129,554	250,422
Long-term debt, less current maturities (note 3)	<u>754,236</u>	<u>789,457</u>
Total liabilities	<u>883,790</u>	<u>1,039,879</u>
Net Assets:		
Unrestricted	2,555,948	2,290,309
Temporarily restricted	<u>-</u>	<u>76,675</u>
Total net assets	<u>2,555,948</u>	<u>2,366,984</u>
Total liabilities and net assets	<u><u>\$ 3,439,738</u></u>	<u><u>3,406,863</u></u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Activities

Year ended September 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support:			
Florida Department of Education	\$ 1,940,165	-	1,940,165
Local government grants	71,614	-	71,614
Foundations	55,236	-	55,236
United Way Heart of Florida	93,255	-	93,255
United Way - Designations	24,027	-	24,027
Fund raising, net of \$77,104 direct benefit to donor costs	373,417	-	373,417
Client fees and contracts	75,369	-	75,369
Interest income	6,153	-	6,153
Net Assets Released From Restrictions			
Satisfaction of program restrictions	76,675	(76,675)	-
Total revenue and public support	<u>2,715,911</u>	<u>(76,675)</u>	<u>2,639,236</u>
Expenses:			
Program services:			
Adult and family services	1,419,684	-	1,419,684
Children and family services	721,704	-	721,704
Total program services	<u>2,141,388</u>	<u>-</u>	<u>2,141,388</u>
Supporting services:			
Management and general	86,397	-	86,397
Fund raising	222,487	-	222,487
Total supporting services	<u>308,884</u>	<u>-</u>	<u>308,884</u>
Total expenses	<u>2,450,272</u>	<u>-</u>	<u>2,450,272</u>
Change in net assets	265,639	(76,675)	188,964
Net assets at September 30, 2008	<u>2,290,309</u>	<u>76,675</u>	<u>2,366,984</u>
Net assets at September 30, 2009	<u>\$ 2,555,948</u>	<u>-</u>	<u>2,555,948</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Activities

Year ended September 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support:			
Florida Department of Education	\$ 1,876,007	-	1,876,007
Local government grants	115,725	-	115,725
Foundations	212,818	93,934	306,752
United Way Heart of Florida	93,296	-	93,296
United Way - Other	29,817	-	29,817
Fund raising, net of \$132,916 direct benefit to donor costs	450,691	-	450,691
Client fees and contracts	75,555	-	75,555
Interest income	12,731	-	12,731
Loss on sale of assets	(335)	-	(335)
Net Assets Released From Restrictions			
Satisfaction of program restrictions	<u>47,259</u>	<u>(47,259)</u>	<u>-</u>
Total revenue and public support	<u>2,913,564</u>	<u>46,675</u>	<u>2,960,239</u>
Expenses:			
Program services:			
Adult and family services	1,487,421	-	1,487,421
Children and family services	<u>697,545</u>	<u>-</u>	<u>697,545</u>
Total program services	<u>2,184,966</u>	<u>-</u>	<u>2,184,966</u>
Supporting services:			
Management and general	127,495	-	127,495
Fund raising	<u>341,016</u>	<u>-</u>	<u>341,016</u>
Total supporting services	<u>468,511</u>	<u>-</u>	<u>468,511</u>
Total expenses	<u>2,653,477</u>	<u>-</u>	<u>2,653,477</u>
Change in net assets	260,087	46,675	306,762
Net assets at September 30, 2007	<u>2,030,222</u>	<u>30,000</u>	<u>2,060,222</u>
Net assets at September 30, 2008	<u>\$ 2,290,309</u>	<u>76,675</u>	<u>2,366,984</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Functional Expenses

Year ended September 30, 2009

	Program Services		Supporting Services		Total
	Adult and Family	Children and Family	Management and General	Fundraising	
Salaries, wages and related expenses:					
Salaries and wages	\$ 839,855	420,467	52,992	119,309	1,432,623
Employee benefits	151,335	70,970	7,105	26,820	256,230
Payroll taxes	68,830	34,455	4,426	9,785	117,496
Total salaries, wages and related expenses	1,060,020	525,892	64,523	155,914	1,806,349
Operating expenses:					
Administrative and board	4,135	2,028	374	1,233	7,770
Amortization	491	240	67	162	960
Bank fees	4,637	274	348	1,512	6,771
Contract services	40,304	47,253	2,931	9,925	100,413
Depreciation	53,243	26,069	5,868	8,763	93,943
Development projects	-	-	-	14,137	14,137
Dues and subscriptions	13,569	6,499	941	3,644	24,653
Insurance	17,568	8,534	3,437	2,895	32,434
Interest	29,873	14,520	2,206	4,925	51,524
Office supplies	20,678	8,145	579	3,370	32,772
Postage	2,372	1,162	169	388	4,091
Printing	2,333	1,067	49	142	3,591
Program materials and supplies	21,927	25,970	(209)	152	47,840
Recruiting and advertising	376	-	-	200	576
Rent	45,344	1,862	27	60	47,293
Repairs and maintenance	35,282	12,911	2,851	5,588	56,632
Staff development	11,978	9,080	551	3,585	25,194
Taxes and licenses	413	187	28	64	692
Telephone	12,974	5,000	468	1,561	20,003
Travel general	24,403	15,524	151	1,944	42,022
Travel students	2,541	2,909	-	22	5,472
Utilities	15,223	6,578	1,038	2,301	25,140
Total expenses	\$ 1,419,684	721,704	86,397	222,487	2,450,272

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statement of Functional Expenses

Year ended September 30, 2008

	Program Services		Supporting Services		Total
	Adult and Family	Children and Family	Management and General	Fundraising	
Salaries, wages and related expenses:					
Salaries and wages	\$ 921,179	390,072	78,239	175,287	1,564,777
Employee benefits	171,591	73,497	13,949	32,417	291,454
Payroll taxes	79,137	35,152	5,579	13,001	132,869
Total salaries, wages and related expenses	1,171,907	498,721	97,767	220,705	1,989,100
Operating expenses:					
Administrative and board	3,849	1,602	1,395	912	7,758
Amortization	491	240	67	163	961
Bank fees	4,724	185	800	5,379	11,088
Contract services	46,390	48,896	4,924	16,411	116,621
Depreciation	47,269	23,170	6,488	15,756	92,683
Development projects	216	110	125	27,487	27,938
Dues and subscriptions	8,447	3,649	757	4,712	17,565
Insurance	28,513	14,468	3,168	6,653	52,802
Interest	28,804	15,072	4,143	8,447	56,466
Office supplies	16,005	4,651	876	4,758	26,290
Postage	2,241	1,106	158	3,137	6,642
Printing	1,765	771	89	10,210	12,835
Program materials and supplies	11,299	18,302	1,271	798	31,670
Recruiting and advertising	230	955	26	764	1,975
Rent	5,141	1,841	-	-	6,982
Repairs and maintenance	26,102	12,352	2,091	7,133	47,678
Staff development	23,070	13,825	959	1,366	39,220
Taxes and licenses	317	161	35	74	587
Telephone	11,158	5,287	882	1,861	19,188
Travel general	25,828	23,263	173	1,537	50,801
Travel students	11,922	3,066	3	6	14,997
Utilities	11,733	5,852	1,298	2,747	21,630
Total expenses	\$ 1,487,421	697,545	127,495	341,016	2,653,477

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Statements of Cash Flows

Years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 188,964	306,762
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization	960	961
Depreciation	93,943	92,683
Loss on sale of assets	-	335
(Increase) decrease in grant and other receivables	112,618	(97,955)
Decrease in prepaid expenses	-	28,754
(Increase) in deposits	(1,300)	-
Increase (decrease) in accounts payable	(118,760)	122,930
Increase (decrease) in accrued expenses	(1,141)	11,653
Decrease in deferred revenue	-	(98,400)
Net cash provided by operating activities	<u>275,284</u>	<u>367,723</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	(10,133)	(140,877)
Proceeds from sale of furniture, fixtures and equipment	-	700
Net cash used in investing activities	<u>(10,133)</u>	<u>(140,177)</u>
Cash flows provided by financing activities:		
Payments on long-term debt	<u>(36,188)</u>	<u>(44,418)</u>
Net cash used in financing activities	<u>(36,188)</u>	<u>(44,418)</u>
Net increase in cash	228,963	183,128
Cash - beginning of year	<u>886,212</u>	<u>703,084</u>
Cash - end of year	<u>\$ 1,115,175</u>	<u>886,212</u>
Supplemental disclosure of cash flow information:		
Cash payments for:		
Interest	<u>\$ 51,524</u>	<u>56,466</u>

See accompanying notes to financial statements.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2009 and 2008

(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, 2008 consisted primarily of funds received for a hospitality training project and for adult services. There were no temporarily restricted net assets as of September 30, 2009.
- ◆ 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, 2009 and 2008.

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2009 and 2008

(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, 2009 and 2008.

(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, 2009 and 2008

(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 life 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, 2009 and 2008

(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 consist of the following at September 30,:

	<u>2009</u>	<u>2008</u>
Land	\$ 333,498	333,498
Building and improvements	2,145,664	2,145,664
Equipment and furniture	321,665	311,527
	<u>2,800,827</u>	<u>2,790,689</u>
Less accumulated depreciation	699,001	605,053
Net land, building and equipment	<u>\$ 2,101,826</u>	<u>2,185,636</u>

(3) Long-Term Debt

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

	<u>2009</u>	<u>2008</u>
Note payable to bank, interest only payable through October 2006; then payable in monthly installments of \$7,307 including interest at 7.25%, secured by property through April 2021. The Organization is currently in the process of refinancing the note with another bank at a rate of 5.64%.	\$ 680,956	717,144

(Continued)

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2009 and 2008

(3) Long-Term Debt - Continued

	<u>2009</u>	<u>2008</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>793,853</u>	<u>830,041</u>
Less current portion	39,617	40,584
Long-term debt, less current portion	<u>\$ 754,236</u>	<u>789,457</u>

Future maturities of long-term debt are as follows:

<u>Year ended September 30,</u>	
2010	\$ 39,617
2011	155,484
2012	45,779
2013	49,210
2014	52,899
Thereafter	<u>450,864</u>
	<u>\$ 793,853</u>

(4) 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, 2009 and 2008, not to exceed 6% of eligible salary at September 30, 2009 and 2008. Contributions to the Plan for the years ended September 30, 2009 and 2008 amounted to \$50,045 and \$64,763, respectively.

LIGHTHOUSE CENTRAL FLORIDA, INC.

Notes to Financial Statements

September 30, 2009 and 2008

(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 Organization places its cash and cash equivalents on deposit with financial institutions in the United States. In October 2008, the Federal Deposit Insurance Corporation (FDIC) temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provided unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. During the year, the Organization from time to time may have had amounts on deposit in excess of the insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The Organization has not experienced any losses on such accounts. Concentration of credit risk with respect to unsecured receivables are limited as the receivables are primarily grants receivable from governmental agencies.

(6) **Subsequent Events**

In accordance with FAS 165, Subsequent Events, the Organization has evaluated subsequent events through November 6, 2009, which is the date their financial statements were issued. All subsequent events requiring recognition as of November 6, 2009 have been incorporated into those financial statements.

SUPPLEMENTARY INFORMATION

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, 2009, and have issued our report thereon dated November 6, 2009. 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 control 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting 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 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.

Schaper, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Altamonte Springs, Florida
November 6, 2009

**Independent Auditors' Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

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* that are applicable to each of its major federal programs for the year ended September 30, 2009. Lighthouse Central Florida, Inc.'s major federal programs 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 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*. Those standards and OMB Circular A-133 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 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 for the year ended September 30, 2009.

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 control deficiency in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that 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.

Schaper, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

Altamonte Springs, Florida
November 6, 2009

Lighthouse Central Florida, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2009

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 VII Independent Living 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 Findings and Questioned Costs (Continued)
Year Ended September 30, 2009

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; 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, 2009

Grantor/ Pass-Through Grantor/ Program Title	Period of Award	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	10/1/08 - 9/30/09	84.177	N/A	07-520	\$ 729,957
Vocational Rehabilitation, Title I	10/1/08 - 9/30/09	84.126	N/A	07-534	323,630
Supported Employment Services - Developmental Disabilities	10/1/08 - 9/30/09	84.187	N/A	07-542	247,500
Total Federal Awards					\$ 1,301,087
<u>State Financial Assistance</u>					
State of Florida, Department of Education:					
Blind babies program	7/1/08 - 6/30/09	N/A	48.062	07-512	\$ 125,625
	7/1/09 - 6/30/10	N/A	48.062	08-512	45,074
Vocational Rehabilitation Transition Services	10/1/08 - 9/30/09	N/A	N/A	07-551	423,000
Total expenditures State financial assistance					\$ 593,699

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.