

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
Years Ended June 30, 2006 and 2005

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Audited Financial Statements
and Other Financial Information

Years Ended June 30, 2006 and 2005

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Report of Independent Auditors

Board of Directors
The Chicago Lighthouse for People Who
Are Blind or Visually Impaired

We have audited the accompanying statements of financial position of The Chicago Lighthouse for People Who Are Blind or Visually Impaired (The Lighthouse) as of June 30, 2006 and 2005, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of The Lighthouse'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of The Lighthouse's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lighthouse's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 The Lighthouse as of June 30, 2006 and 2005, 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.

Ernst & Young LLP

September 29, 2006

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Financial Position

	June 30, 2006			June 30, 2005		
	Operating Fund	Long-Term Investment Fund	Total	Operating Fund	Long-Term Investment Fund	Total
Assets						
Cash	\$ 234,188	\$ -	\$ 234,188	\$ 437,724	\$ -	\$ 437,724
Accounts receivable:						
Lighthouse Industries	336,410	-	336,410	392,785	-	392,785
Bequests	-	310,802	310,802	-	906,063	906,063
Other, principally state agencies	512,740	-	512,740	576,938	-	576,938
Contributions receivable	1,467,621	-	1,467,621	333,717	-	333,717
Allowance for uncollectible accounts	(22,000)	-	(22,000)	(25,000)	-	(25,000)
Net accounts receivable	2,294,771	310,802	2,605,573	1,278,440	906,063	2,184,503
Accrued investment income	-	103,481	103,481	-	99,514	99,514
Inventories	1,146,837	-	1,146,837	1,217,755	-	1,217,755
Prepaid expenses	119,553	-	119,553	110,133	-	110,133
Investments	-	30,695,143	30,695,143	-	29,094,269	29,094,269
Net land, building, and equipment	6,744,842	-	6,744,842	6,873,693	-	6,873,693
Total assets	\$ 10,540,191	\$ 31,109,426	\$ 41,649,617	\$ 9,917,745	\$ 30,099,846	\$ 40,017,591
Liabilities and net assets						
Liabilities:						
Accounts payable	\$ 576,169	\$ -	\$ 576,169	\$ 411,787	\$ -	\$ 411,787
Accrued salaries and payroll taxes	448,239	-	448,239	431,207	-	431,207
Other accrued liabilities	27,860	37,572	65,432	33,013	27,929	60,942
Total liabilities	1,052,268	37,572	1,089,840	876,007	27,929	903,936
Net assets:						
Unrestricted	7,593,256	29,596,469	37,189,725	8,411,046	28,634,783	37,045,829
Temporarily restricted	1,894,667	55,620	1,950,287	630,692	25,412	656,104
Permanently restricted	-	1,419,765	1,419,765	-	1,411,722	1,411,722
	9,487,923	31,071,854	40,559,777	9,041,738	30,071,917	39,113,655
Total liabilities and net assets	\$ 10,540,191	\$ 31,109,426	\$ 41,649,617	\$ 9,917,745	\$ 30,099,846	\$ 40,017,591

See accompanying notes to financial statements.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Activities

	June 30, 2006				June 30, 2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues								
Support and revenues:								
Public support:								
Contributions	\$ 1,065,288	\$ 1,594,742	\$ -	\$ 2,660,030	\$ 626,490	\$ 511,081	\$ -	\$ 1,137,571
United Way	185,272	-	-	185,272	207,288	-	-	207,288
Donated goods/services	401,386	-	-	401,386	3,148	-	-	3,148
Special events revenue	630,840	75,885	-	706,725	416,397	82,955	-	499,352
Less cost of direct benefits to donors	(402,310)	(10,442)	-	(412,752)	(120,195)	(11,473)	-	(131,668)
Net revenues from special events	228,530	65,443	-	293,973	296,202	71,482	-	367,684
Total public support	1,880,476	1,660,185	-	3,540,661	1,133,128	582,563	-	1,715,691
Program and other revenues								
Program revenues:								
Lighthouse Industries sales	3,580,417	-	-	3,580,417	3,392,968	-	-	3,392,968
Rehabilitation training course fees and subsidies	5,104,654	633	-	5,105,287	4,728,048	9,390	-	4,737,438
Optical aid fees and sales	467,444	-	-	467,444	500,840	-	-	500,840
Government service contracts	418,520	-	-	418,520	413,344	-	-	413,344
Total program revenues	9,571,035	633	-	9,571,668	9,035,200	9,390	-	9,044,590
Other revenues:								
Investment income, primarily interest	14,672	133	-	14,805	13,191	91	-	13,282
Miscellaneous	204,581	-	-	204,581	209,580	-	-	209,580
Total other revenues	219,253	133	-	219,386	222,771	91	-	222,862
Total program and other revenues	9,790,288	766	-	9,791,054	9,257,971	9,481	-	9,267,452
Total public support and program and other revenues	11,670,764	1,660,951	-	13,331,715	10,391,099	592,044	-	10,983,143
Net assets released from restrictions	405,691	(405,691)	-	-	221,618	(221,618)	-	-
Total operating revenues	12,076,455	1,255,260	-	13,331,715	10,612,717	370,426	-	10,983,143

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Activities (continued)

	June 30, 2006				June 30, 2005			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses								
Program services	\$ 12,388,353	\$ -	\$ -	\$ 12,388,353	\$ 10,802,070	\$ -	\$ -	\$ 10,802,070
Supporting services	4,030,105	-	-	4,030,105	3,044,125	-	-	3,044,125
Total expenses	16,418,458	-	-	16,418,458	13,846,195	-	-	13,846,195
(Deficiency) excess of operating revenues over operating expenses	(4,342,003)	1,255,260	-	(3,086,743)	(3,233,478)	370,426	-	(2,863,052)
Nonoperating support, revenues, gains, and losses								
Legacies and bequests	887,266	-	-	887,266	1,769,238	-	-	1,769,238
Contributions	50	21,386	8,000	29,436	16,115	20,520	10,000	46,635
Investment income, dividends, and interest	629,736	10,602	-	640,338	563,116	881	-	563,997
Net realized gains/losses	(374,004)	(794)	43	(374,755)	2,283,956	4,224	-	2,288,180
Net change in unrealized appreciation (depreciation) of investments	3,342,851	7,729	-	3,350,580	(267,276)	(213)	-	(267,489)
Total nonoperating support, revenues, gains, and losses	4,485,899	38,923	8,043	4,532,865	4,365,149	25,412	10,000	4,400,561
Change in net assets	143,896	1,294,183	8,043	1,446,122	1,131,671	395,838	10,000	1,537,509
Net assets at beginning of year	37,045,829	656,104	1,411,722	39,113,655	35,914,158	260,266	1,401,722	37,576,146
Net assets at end of year	\$ 37,189,725	\$ 1,950,287	\$ 1,419,765	\$ 40,559,777	\$ 37,045,829	\$ 656,104	\$ 1,411,722	\$ 39,113,655

See accompanying notes to financial statements.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Cash Flows

	Year Ended June 30	
	2006	2005
Operating activities		
Change in net assets	\$ 1,446,122	\$ 1,537,509
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Net change in unrealized depreciation (appreciation) of investments	(3,350,580)	267,489
Contributions restricted for long-term investment	(29,386)	(30,520)
Depreciation	691,824	644,611
Provision (credit) for bad debts	(3,000)	5,000
Changes in operating assets and liabilities:		
Accounts receivable	(418,070)	(1,148,762)
Accrued investment income	(3,967)	4,806
Inventories	70,918	(10,550)
Prepaid expenses	(9,420)	7,060
Accounts payable	164,382	(77,389)
Accrued salaries and payroll taxes	17,032	43,887
Other accrued liabilities	4,490	2,504
Net cash (used in) provided by operating activities	(1,419,655)	1,245,645
Investing activities		
Purchase of investments	(1,824,325)	(3,837,582)
Sale of investments	3,574,031	2,950,903
Additions to property and equipment	(562,973)	(463,139)
Net cash provided by (used in) investing activities	1,186,733	(1,349,818)
Financing activities		
Proceeds from contributions restricted for long-term investment	29,386	30,520
Net cash provided by financing activities	29,386	30,520
Decrease in cash	(203,536)	(73,653)
Cash at beginning of year	437,724	511,377
Cash at end of year	\$ 234,188	\$ 437,724

See accompanying notes to financial statements.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statement of Functional Expenses

Year Ended June 30, 2006

	Lighthouse Industries	Instructional Materials Center	Birth-to- Three/ Homebound	Child Development Center	Placement	Supported Employment	Seniors Computer	Elderly	Collections Training	Work Adjustment Training	Office Skills	Vocational Evaluation	Social Services	Mobility	Government Service Contracts	Midway
Expenses																
Employee salaries	\$ 484,046	\$ 271,681	\$ 246,909	\$ 815,107	\$ 181,732	\$ 104,720	\$ 79,290	\$ 32,719	\$ 55,438	\$ 63,193	\$ 70,943	\$ 111,404	\$ 6,543	\$ 58,252	\$ -	\$ -
Employee benefits	105,357	62,414	53,766	184,346	41,676	24,395	18,117	7,531	12,749	14,537	16,027	25,629	1,487	13,031	-	-
Total employee salaries and benefits	589,403	334,095	300,675	999,453	223,408	129,115	97,407	40,250	68,187	77,730	86,970	137,033	8,030	71,283	-	-
Client payments	449,530	-	-	-	-	-	-	-	-	-	-	-	-	-	283,398	77,933
Client benefits	70,181	-	-	-	-	-	-	-	-	-	-	-	-	-	33,240	11,381
Total client payments and benefits	519,711	-	-	-	-	-	-	-	-	-	-	-	-	-	316,638	89,314
Total salaries and related benefits	1,109,114	334,095	300,675	999,453	223,408	129,115	97,407	40,250	68,187	77,730	86,970	137,033	8,030	71,283	316,638	89,314
Professional and contract services	57,610	90	14,535	196,285	155	-	580	7,650	-	115	40	40	-	2,415	70	-
Supplies	66,802	1,481,669	4,670	38,348	2,632	359	475	37,424	2,255	35	2,052	2,286	9	1,216	1,963	19,872
Advertising	305,086	-	-	150	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	4,903	-	176	1,003	721	17	-	-	-	-	-	19	-	-	-	-
Postage, freight, and direct mail	131,860	5,662	14	288	171	-	-	-	-	5	-	22	-	-	253	8
Equipment rental and maintenance	20,261	22,206	-	1,511	224	-	-	-	-	-	-	-	-	456	53	1,318
Utilities	3,332	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building repairs and maintenance	65	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and liability insurance	189	3,269	1,220	6,990	218	-	-	-	144	-	3,218	178	-	-	3,429	1,110
Printing	24,868	1,139	90	320	26	18	-	130	-	-	-	21	-	-	-	-
Conferences, meetings, and major trips	26,427	2,639	12,921	5,842	4,073	4,098	221	2,042	1,900	-	1,024	549	7	2,928	-	-
Memberships	60	-	645	1,548	28	19	8	-	44	-	264	742	-	-	-	-
Client transportation and maintenance	88	-	6,819	37,136	898	-	4,431	-	-	1,397	1,546	1,104	809	-	-	-
Cost of material	2,061,211	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Warehouse rental	24,370	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commissions	163,215	-	-	-	-	-	-	-	-	-	-	-	-	-	16,735	3,414
Other	30,671	10,920	2,566	13,685	1,715	753	695	137	576	16	446	1,763	160	665	9,617	84
Distribution of building repairs and maintenance	236,216	70,119	6,092	82,238	5,833	2,139	6,221	1,426	3,305	8,878	12,054	9,721	130	583	-	-
Total expenses before depreciation	4,266,348	1,931,808	350,423	1,384,797	240,102	136,518	110,038	89,059	76,411	88,176	107,614	153,478	9,145	79,546	348,758	115,120
Depreciation	183,606	61,431	3,486	51,375	6,524	1,276	12,385	802	12,101	5,155	13,592	6,733	443	293	185	4,305
Total expenses	\$ 4,449,954	\$ 1,993,239	\$ 353,909	\$ 1,436,172	\$ 246,626	\$ 137,794	\$ 122,423	\$ 89,861	\$ 88,512	\$ 93,331	\$ 121,206	\$ 160,211	\$ 9,588	\$ 79,839	\$ 348,943	\$ 119,425

See accompanying notes to financial statements.

Scholarship Program	Low Vision Clinic	Kane Legal Clinic	CRIS Radio	Adult Living Skills	Work Activities Center	I.T.A.C.	Deaf Blind	Youth Program	Adaptive Technology	Help Desk	Total	Supporting Services				Total 2006	
												Building and Maintenance	General Administration	Public Relations	Fundraising		
\$ -	\$ 444,398	\$ 50,956	\$ 190,800	\$ 200,155	\$ 82,163	\$ 20,388	\$ 73,980	\$ 46,639	\$ 137,115	\$ 48,978	\$ 3,877,549	\$ 246,921	\$ 1,074,939	\$ 154,501	\$ 467,872	\$ 1,944,233	\$ 5,821,782
-	73,483	5,343	46,019	46,816	19,839	4,560	17,056	10,611	31,901	10,334	847,024	64,289	231,493	33,629	106,158	435,569	1,282,593
-	517,881	56,299	236,819	246,971	102,002	24,948	91,036	57,250	169,016	59,312	4,724,573	311,210	1,306,432	188,130	574,030	2,379,802	7,104,375
-	10,387	-	-	7,307	39,672	-	-	-	-	-	868,227	13,539	553	-	-	14,092	882,319
-	1,326	-	-	316	4,770	-	-	-	-	-	121,214	1,220	49	-	-	1,269	122,483
-	11,713	-	-	7,623	44,442	-	-	-	-	-	989,441	14,759	602	-	-	15,361	1,004,802
-	529,594	56,299	236,819	254,594	146,444	24,948	91,036	57,250	169,016	59,312	5,714,014	325,969	1,307,034	188,130	574,030	2,395,163	8,109,177
-	18,759	-	525	220	292	-	1,168	-	-	-	300,549	215	424,505	99,869	98,138	622,727	923,276
-	313,775	51	15,356	7,631	2,079	164	2,540	455	4,638	580	2,009,336	69,584	367,837	17,578	26,837	481,836	2,491,172
-	425	-	-	-	-	-	35	-	-	-	305,696	-	6,196	11,775	21,500	39,471	345,167
-	590	-	16,909	-	-	353	591	-	157	-	25,439	514	42,204	506	707	43,931	69,370
-	6,154	10	173	6	-	-	221	5	91	-	144,943	185	17,235	270	64,110	81,800	226,743
-	13,068	-	4,289	103	-	-	80	-	490	-	64,059	14,732	15,751	-	-	30,483	94,542
-	-	-	-	-	-	-	-	-	-	-	3,332	108,503	-	-	-	108,503	111,835
-	-	-	-	-	-	-	-	-	-	-	65	74,024	-	-	-	74,024	74,089
-	5,974	7,601	361	-	-	178	-	-	588	-	34,667	46,603	53,169	-	445	100,217	134,884
1,815	3,570	691	1,958	-	-	32	33	3,500	130	-	38,341	-	2,016	13,866	164,505	180,387	218,728
3,014	11,052	391	1,992	3,091	172	3,902	9,964	565	4,847	1,345	105,006	251	39,644	4,313	15,018	59,226	164,232
-	5,008	-	125	382	-	23	126	6	76	-	9,104	-	9,521	414	610	10,545	19,649
87,273	-	-	-	24,518	29,753	-	1,067	1,506	-	-	198,345	-	-	-	-	-	198,345
-	-	-	-	-	-	-	-	-	-	-	2,061,211	-	-	-	-	-	2,061,211
-	-	-	10,277	-	-	-	-	-	-	-	34,647	-	-	-	-	-	34,647
-	-	-	-	-	-	-	-	-	-	-	183,364	-	-	-	-	-	183,364
5,227	31,269	1,758	1,803	1,789	79	100	1,796	895	3,978	537	123,700	7,476	101,154	8,042	25,831	142,503	266,203
-	21,127	583	12,183	29,811	10,952	1,231	4,601	778	11,406	778	538,405	(648,056)	93,968	3,629	12,054	(538,405)	-
97,329	960,365	67,384	302,770	322,145	189,771	30,931	113,258	64,960	195,417	62,552	11,894,223	-	2,480,234	348,392	1,003,785	3,832,411	15,726,634
-	64,243	293	12,420	17,508	5,686	782	4,104	1,266	19,860	4,276	494,130	-	178,676	4,027	14,991	197,694	691,824
\$ 97,329	\$ 1,024,608	\$ 67,677	\$ 315,190	\$ 339,653	\$ 195,457	\$ 31,713	\$ 117,362	\$ 66,226	\$ 215,277	\$ 66,828	\$ 12,388,353	\$ -	\$ 2,658,910	\$ 352,419	\$ 1,018,776	\$ 4,030,105	\$ 16,418,458

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statement of Functional Expenses

Year Ended June 30, 2005

Expenses	Lighthouse Industries	Instructional Materials Center	Birth-to- Three/ Homebound	Child Development Center	Placement	Supported Employment	Seniors Computer	Elderly	Collections Training	Work Adjustment Training	Office Skills	Vocational Evaluation	Social Services
Employee salaries	\$ 445,352	\$ 271,147	\$ 251,765	\$ 748,637	\$ 179,202	\$ 92,045	\$ 77,116	\$ 33,061	\$ 53,952	\$ 63,305	\$ 75,404	\$ 105,257	\$ 6,021
Employee benefits	95,685	57,231	50,537	158,951	36,685	20,833	16,240	7,320	11,653	13,303	15,404	21,974	2,854
Total employee salaries and benefits	541,037	328,378	302,302	907,588	215,887	112,878	93,356	40,381	65,605	76,608	90,808	127,231	8,875
Client payments	432,408	-	-	-	-	-	-	-	-	-	-	-	-
Client benefits	72,151	-	-	-	-	-	-	-	-	-	-	-	-
Total client payments and benefits	504,559	-	-	-	-	-	-	-	-	-	-	-	-
Total salaries and related benefits	1,045,596	328,378	302,302	907,588	215,887	112,878	93,356	40,381	65,605	76,608	90,808	127,231	8,875
Professional and contract services	53,659	199	9,297	201,873	155	-	40	7,900	75	100	50	-	-
Supplies	37,627	1,156,007	1,730	33,732	936	70	456	35,731	862	169	1,737	2,435	192
Advertising	280,684	-	-	-	-	-	-	-	-	-	-	-	125
Telephone	3,806	-	258	932	145	-	-	-	10	-	14	-	-
Postage, freight, and direct mail	116,309	5,941	7	156	-	-	-	-	-	-	-	12	-
Equipment rental and maintenance	22,213	12,181	-	1,430	-	-	-	-	-	-	-	-	-
Utilities	2,445	-	-	-	-	-	-	-	-	-	-	-	-
Building repairs and maintenance	130	-	-	-	-	-	-	-	-	-	-	-	-
Property and liability insurance	2,489	3,114	1,144	6,553	104	-	-	-	135	-	3,017	166	-
Printing	2,125	76	175	1,649	1,539	24	-	14	32	-	51	132	3
Conferences, meetings, and major trips	29,771	2,605	11,910	3,649	3,865	1,591	466	1,734	934	-	539	608	77
Memberships	688	-	781	856	246	142	97	1	27	-	262	576	6
Client transportation and maintenance	588	-	2,115	37,386	283	-	1,873	-	-	12	-	40	1,482
Cost of material	1,856,140	-	-	-	-	-	-	-	-	-	-	-	-
Warehouse rental	19,500	-	-	-	-	-	-	-	-	-	-	-	-
Commissions	166,555	-	-	-	-	-	-	-	-	-	-	-	-
Other	43,337	12,018	2,352	3,858	479	42	82	89	892	-	932	1,289	290
Distribution of building repairs and maintenance	207,656	61,659	5,357	72,315	5,129	1,880	4,160	1,311	5,300	11,283	13,563	8,548	114
Total expenses before depreciation	3,891,318	1,582,178	337,428	1,271,977	228,768	116,627	100,530	87,161	73,872	88,172	110,973	141,037	11,164
Depreciation	179,479	57,604	3,384	48,922	5,320	1,231	11,884	789	12,453	6,826	12,578	6,822	442
Total expenses	\$ 4,070,797	\$ 1,639,782	\$ 340,812	\$ 1,320,899	\$ 234,088	\$ 117,858	\$ 112,414	\$ 87,950	\$ 86,325	\$ 94,998	\$ 123,551	\$ 147,859	\$ 11,606

See accompanying notes to financial statements.

Mobility	Government Service		Panitch Scholarships	Low Vision Clinic	Adult Living Skills	Work Activities Center	I.T.A.C.	Deaf Blind	Youth Program	Adaptive Technology	Total	Supporting Services				Total 2005	
	Contracts	Midway										Building and Maintenance	General Administration	Public Relations	Fundraising		Total
\$ 55,767	\$ -	\$ -	\$ -	\$ 407,415	\$ 184,609	\$ 85,092	\$ 19,256	\$ 75,173	\$ 46,206	\$ 124,640	\$ 3,400,422	\$ 243,315	\$ 894,088	\$ 122,605	\$ 393,039	\$ 1,653,047	\$ 5,053,469
11,500	-	-	-	68,456	39,092	18,261	3,952	15,900	9,879	25,592	701,302	51,052	185,698	26,173	82,087	345,010	1,046,312
67,267	-	-	-	475,871	223,701	103,353	23,208	91,073	56,085	150,232	4,101,724	294,367	1,079,786	148,778	475,126	1,998,057	6,099,781
-	280,918	67,578	-	-	10,489	34,857	-	-	-	-	826,250	9,954	527	-	-	10,481	836,731
-	32,709	9,420	-	-	584	3,993	-	-	-	-	118,857	940	54	-	-	994	119,851
-	313,627	76,998	-	-	11,073	38,850	-	-	-	-	945,107	10,894	581	-	-	11,475	956,582
67,267	313,627	76,998	-	475,871	234,774	142,203	23,208	91,073	56,085	150,232	5,046,831	305,261	1,080,367	148,778	475,126	2,009,532	7,056,363
1,613	70	125	-	18,765	65	135	-	1,793	130	80	296,124	205	463,331	1,580	50,110	515,226	811,350
9	900	17,383	-	297,340	3,226	3,673	125	1,635	1,405	1,993	1,599,373	50,666	96,890	1,368	9,009	157,933	1,757,306
-	-	-	-	218	-	-	-	35	-	-	281,062	-	6,322	9,410	1,370	17,102	298,164
-	-	425	-	644	-	-	45	615	372	14	7,280	204	35,675	203	388	36,470	43,750
-	268	24	-	6,809	5	3	14	114	34	330	130,026	-	10,273	726	56,450	67,449	197,475
-	143	1,220	-	12,788	209	-	-	-	-	2,074	52,258	18,351	24,074	-	85	42,510	94,768
-	-	-	-	-	-	-	-	-	-	-	2,445	93,672	-	-	-	93,672	96,117
-	-	-	-	-	-	-	-	-	-	-	130	51,504	-	-	-	51,504	51,634
-	3,221	1,040	-	4,947	-	-	166	-	-	551	26,647	43,689	54,124	-	417	98,230	124,877
19	-	-	325	2,659	218	-	16	72	19	219	9,367	-	5,972	4,545	69,121	79,638	89,005
6,945	62	13	-	8,122	1,791	301	6,017	9,049	517	2,157	92,723	394	47,706	1,320	15,226	64,646	157,369
-	-	-	-	1,665	279	-	13	84	22	53	5,798	-	9,368	400	1,460	11,228	17,026
-	-	-	45,182	12	19,668	23,183	-	1,093	1,836	-	134,753	-	17	-	-	17	134,770
-	-	-	-	-	-	-	-	-	-	-	1,856,140	-	-	-	-	-	1,856,140
-	-	-	-	-	-	-	-	-	-	-	19,500	-	-	-	-	-	19,500
-	16,621	2,856	-	-	-	-	-	-	-	-	186,032	-	-	-	-	-	186,032
-	3,198	-	-	42,614	958	230	77	290	1,045	285	114,357	5,913	70,442	2,026	17,200	95,581	209,938
969	-	-	-	18,577	26,213	9,631	1,083	4,046	684	11,169	470,647	(569,859)	85,422	3,191	10,599	(470,647)	-
76,822	338,110	100,084	45,507	891,031	287,406	179,359	30,764	109,899	62,149	169,157	10,331,493	-	1,989,983	173,547	706,561	2,870,091	13,201,584
572	-	4,305	-	68,931	17,437	5,586	807	3,854	959	20,392	470,577	-	156,729	3,437	13,868	174,034	644,611
\$ 77,394	\$ 338,110	\$ 104,389	\$ 45,507	\$ 959,962	\$ 304,843	\$ 184,945	\$ 31,571	\$ 113,753	\$ 63,108	\$ 189,549	\$ 10,802,070	\$ -	\$ 2,146,712	\$ 176,984	\$ 720,429	\$ 3,044,125	\$ 13,846,195

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements

Year Ended June 30, 2006

1. Significant Accounting Policies

Nature of Organization

The Chicago Lighthouse for People Who Are Blind or Visually Impaired (The Lighthouse), an Illinois not-for-profit corporation, offers programs and services throughout the Chicago metropolitan area, the state of Illinois, and the nation, assisting people who are blind, visually impaired, and multi-disabled as a social service and rehabilitation agency, through both community oriented and nationwide activities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, The Lighthouse considers all highly liquid money market funds with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Lighthouse evaluates the collectibility of its accounts receivable based on the length of time the receivable is outstanding, type of receivable, and the anticipated future uncollectible amounts based on historical experience. Accounts receivable are charged to the allowance for doubtful accounts when they are deemed uncollectible. The Lighthouse does not require collateral.

Inventories

Inventories are carried at the lower of cost (first-in, first-out basis) or market.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are carried at fair value. Investments of all funds are pooled, and gains and losses are allocated to the funds based upon their relative interests in the investment pool.

Land, Building, and Equipment

Land, building, and equipment are carried at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method and is allocated to each program or function based upon utilization. Useful lives for buildings and equipment range from 5 to 40 years.

Public Support, Revenues, and Expenses

Sales (Lighthouse Industries) are recognized on the basis of completed production for assembly contracts and upon shipment of merchandise for product sales.

Contributions are recorded at their fair market value and are considered to be available for the general programs at The Lighthouse unless specifically restricted by the donor.

Shipping and Handling Costs

The Lighthouse records shipping and handling costs related to Lighthouse Industries sales within program services expenses. Shipping and handling costs were \$124,011 and \$109,380 for the years ended June 30, 2006 and 2005, respectively.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

1. Significant Accounting Policies (continued)

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are assets whose use has been limited by donors to a specific time period or purpose. Assets released from restrictions that are used for the purchase of fixed assets or capital purposes are reported in the statements of activities as additions to unrestricted net assets. Assets released from restrictions that are used for operating purposes are reported in the statements of activities as unrestricted revenues, gains, and other support. Restricted earnings are recorded as temporarily restricted net assets until amounts are expended in accordance with donors' specifications.

Permanently restricted net assets consist of amounts held in perpetuity. Earnings on the investments of the endowment funds are included in unrestricted revenue and support unless restricted by donors.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted gifts, whose restrictions expire during the fiscal year in which the gift is received, are reported as unrestricted net assets. In the absence of donor-imposed restrictions on the use of the assets, gifts of long-lived assets are reported as unrestricted support. It is The Lighthouse's policy not to imply time restrictions expiring over the useful life of long-lived assets.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

2. Investments

The following summary shows the cost and fair value (carrying value) assets held in the investment pool at June 30:

	2006		2005	
	Cost	Fair Value (Carrying Value)	Cost	Fair Value (Carrying Value)
Common stocks	\$ 15,170,793	\$ 25,323,288	\$ 16,564,522	\$ 23,089,944
Bonds and other debt instruments	5,211,687	5,371,855	5,567,664	6,004,325
	<u>\$ 20,382,480</u>	<u>\$ 30,695,143</u>	<u>\$ 22,132,186</u>	<u>\$ 29,094,269</u>

Investment return consists of the following for the years ended June 30:

	2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income, dividends, and interest	\$ 644,408	\$ 10,735	\$ -	\$ 655,143
Net realized (losses) gains	(374,004)	(794)	43	(374,755)
Net change in unrealized appreciation of long-term investments	3,342,851	7,729	-	3,350,580
	<u>\$ 3,613,255</u>	<u>\$ 17,670</u>	<u>\$ 43</u>	<u>\$ 3,630,968</u>

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

2. Investments (continued)

	2005		
	Unrestricted	Temporarily Restricted	Total
Investment income, dividends, and interest	\$ 576,307	\$ 972	\$ 577,279
Net realized gains	2,283,956	4,224	2,288,180
Net change in unrealized depreciation of long-term investments	(267,276)	(213)	(267,489)
	\$ 2,592,987	\$ 4,983	\$ 2,597,970

3. Land, Building, and Equipment

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

	2006	2005
Land	\$ 131,872	\$ 131,872
Building	10,411,165	10,300,343
Equipment	4,833,312	4,414,137
	15,376,349	14,846,352
Less accumulated depreciation	(8,631,507)	(7,972,659)
Net land, building, and equipment	\$ 6,744,842	\$ 6,873,693

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

4. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets include gifts of cash, grants, and other assets for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds is not permanently restricted. Temporarily restricted net assets as of June 30 are available for the following purposes:

	2006	2005
Client emergency assistance	\$ 1,237	\$ 1,194
Low vision services	74,191	81,565
Associate Board designation for future years	71,211	75,637
Expansion of programs	444,293	141,828
Scholarship fund	109,360	94,265
Centennial Campaign	1,105,125	213,843
Purchase of fixed assets	27,400	12,970
Illinois Instructional Materials Center	61,850	9,390
Charitable gift annuities	55,620	25,412
	\$ 1,950,287	\$ 656,104

Net assets were released from donor restrictions during the years ended June 30, 2006 and 2005, by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors for program restrictions accomplished totaling \$405,691 and \$221,618, respectively.

Permanently restricted net assets include principal gifts of cash, which are required by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations or operating purposes in accordance with donor restrictions. Permanently restricted net assets at June 30 are restricted for support of the following:

	2006	2005
Ongoing agency operations	\$ 706,722	\$ 706,722
Education of a person who is blind	200,000	200,000
Senior low vision care	500,000	500,000
Deaf-Blind program	13,043	5,000
	\$ 1,419,765	\$ 1,411,722

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

5. Contributions Receivable

Contributions receivable at June 30 include the following:

	2006	2005
Unconditional promises to give due in:		
Less than one year	\$ 705,271	\$ 124,959
One to five years	856,602	228,950
	1,561,873	353,909
Less unamortized discount	(94,252)	(20,192)
Contributions receivable, net	\$ 1,467,621	\$ 333,717

6. Major Customer

Approximately 78% and 77% of Lighthouse Industries sales during fiscal 2006 and 2005, respectively, were made to various federal government agencies.

7. Employee Benefit Plan

All employees and employed production workers who have completed one year of service and are 21 years of age are eligible to participate in The Chicago Lighthouse Modified Defined Contribution Plan. The Lighthouse's contribution to this plan each year is equal to 5% of the total compensation of eligible employees who complete at least 500 hours and eligible employed production workers who complete at least one hour of service (as defined) during the plan year. Total plan expense in 2006 and 2005 was \$227,980 and \$174,576, respectively.

8. United Way of Metropolitan Chicago Public Support

United Way provided support of \$78,580 and \$100,596 in fiscal 2006 and 2005, respectively, in matching support of the otherwise federally funded Title XX program of the Department of Health and Human Services administered by the State of Illinois Departments of Rehabilitation Services and Public Aid. The Lighthouse obtained \$500,592 in fiscal 2006 and 2005 under Title XX for support of its sheltered workshop and certain other programs, which is reported with program revenues, rehabilitation training course fees, and subsidies.

9. Income Taxes

The Lighthouse is a tax-exempt organization, as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, The Lighthouse has no provision for income taxes.

Other Financial Information

Report of Independent Auditors on Other Financial Information

Board of Directors
The Chicago Lighthouse for People Who
Are Blind or Visually Impaired

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The following other financial information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

September 29, 2006

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Directly Related Income – Sales, Fees, Subsidies,
and Contributions by Program, Net of Expenses,
and Adjustment for Restricted Net Assets

Year Ended June 30, 2006

	Total	Lighthouse Industries	Instructional Materials Center	Birth-to- Three/ Homebound	Child Development Center	Job Placement	Supported Employment	Seniors Computer Elderly	Collections Training	Work Adjustment Training
Contributions	\$ 1,278,671	\$ 19,522	\$ 284,437	\$ 356,658	\$ 3,105	\$ 17,701	\$ –	\$ 715	\$ –	\$ 9,385
United Way	185,272	17,376	–	50,016	–	15,755	–	–	–	8,355
Program revenue:										
Workshop sales	3,580,417	3,580,417	–	–	–	–	–	–	–	–
Rehab training course fees and subsidies:										
DHS/Dept. of Rehab Services – Illinois	1,194,777	–	–	96,885	–	76,654	104,576	75,622	85,812	68,242
Title XX	500,592	110,690	–	–	–	100,367	–	–	–	53,223
Chicago Board of Education	1,075,364	–	–	–	1,075,364	–	–	–	–	–
Suburban school districts	287,532	–	–	–	287,532	–	–	–	–	–
American Printing House	734,697	–	729,287	–	5,410	–	–	–	–	–
Illinois State Board of Education	1,121,000	–	1,121,000	–	–	–	–	–	–	–
City of Chicago	17,301	–	–	–	–	–	17,301	–	–	–
Other	155,787	–	–	500	40,814	–	–	–	–	–
Total rehab fees and subsidies	5,087,050	110,690	1,850,287	97,385	1,409,120	177,021	104,576	92,923	85,812	68,242
Optical aid fees and sales	467,444	–	–	–	–	–	–	–	–	–
Government service contract revenue	418,520	–	–	–	–	–	–	–	–	–
Other income	127,862	–	–	–	–	–	–	–	–	–
Investment income	70,350	35,330	–	–	–	–	–	–	–	–
Total revenues	11,215,586	3,763,335	2,134,724	504,059	1,412,225	210,477	104,576	93,638	85,812	68,242
Program expenses	12,388,353	4,449,954	1,993,239	353,909	1,436,172	246,626	137,794	122,423	89,861	88,512
Program revenue (less than) in excess of program expenses	(1,172,767)	(686,619)	141,485	150,150	(23,947)	(36,149)	(33,218)	(28,785)	(4,049)	(20,270)
Allocated management and general expenses	2,658,910	552,520	161,130	134,009	455,471	98,911	56,635	43,872	17,815	30,577
Program revenue (less than) in excess of program expenses and allocated management and general expenses	(3,831,677)	(1,239,139)	(19,645)	16,141	(479,418)	(135,060)	(89,853)	(72,657)	(21,864)	(50,847)
Net assets released from restriction	298,071	–	9,390	65,500	–	–	–	–	–	–
Contributions restricted to future years	(590,759)	–	(61,850)	(325,433)	–	–	–	–	–	–
Net activity	<u>\$ (4,124,365)</u>	<u>\$ (1,239,139)</u>	<u>\$ (72,105)</u>	<u>\$ (243,792)</u>	<u>\$ (479,418)</u>	<u>\$ (135,060)</u>	<u>\$ (89,853)</u>	<u>\$ (72,657)</u>	<u>\$ (21,864)</u>	<u>\$ (50,847)</u>

Office Skills	Vocational Evaluation	Social Services	Government Service Contracts	Scholarship Program	Midway	Low Vision	Kane Legal Clinic	CRIS Radio	Adult Living Skills	Work Activities Center	I.T.A.C.	Deaf Blind	Youth Program	Adaptive Technology	Help Desk	
\$ 50,000	\$ -	\$ 852	\$ -	\$ 109,360	\$ -	\$ 95,932	\$ 44,530	\$ 237,480	\$ 3,830	\$ 17,922	\$ -	\$ 13,699	\$ -	\$ 11,674	\$ 1,869	
-	-	-	-	-	-	-	-	-	-	15,951	-	11,019	56,676	10,124	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
92,078	97,104	-	43,275	-	-	-	-	-	373,284	-	-	-	-	81,245	-	
-	-	-	-	-	-	-	-	-	-	101,623	-	70,193	-	64,496	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	7,790	-	-	-	-	-	-	-	-	-	-	-	-	
92,078	97,104	-	51,065	-	-	-	-	68,599	373,284	101,623	36,884	70,193	1,200	145,741	-	
-	-	-	-	-	-	467,444	-	-	-	-	-	-	-	-	-	
-	-	-	-	418,520	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	118,137	-	-	4,601	195	-	-	-	4,929	-	
5,981	-	-	-	-	-	-	28,672	-	-	-	-	367	-	-	-	
148,059	97,104	852	51,065	418,520	109,360	118,137	592,048	44,530	306,079	381,715	135,691	36,884	95,278	57,876	172,468	1,869
121,206	160,211	9,588	79,839	348,943	97,329	119,425	1,024,608	67,677	315,190	339,653	195,457	31,713	117,362	66,226	215,277	66,828
26,853	(63,107)	(8,736)	(28,774)	69,577	12,031	(1,288)	(432,560)	(23,147)	(9,111)	42,062	(59,766)	5,171	(22,084)	(8,350)	(42,809)	(64,959)
40,681	61,953	3,457	31,375	152,090	-	41,745	243,291	27,387	105,027	117,789	67,802	11,167	40,681	25,260	75,781	26,589
(13,828)	(125,060)	(12,193)	(60,149)	(82,513)	12,031	(43,033)	(675,851)	(50,534)	(114,138)	(75,727)	(127,568)	(5,996)	(62,765)	(33,610)	(118,590)	(91,548)
-	-	809	-	-	94,264	-	43,800	-	-	-	-	-	-	-	-	84,308
(50,000)	-	(852)	-	-	(109,360)	-	(31,426)	(11,838)	-	-	-	-	-	-	-	-
<u>\$ (63,828)</u>	<u>\$ (125,060)</u>	<u>\$ (12,236)</u>	<u>\$ (60,149)</u>	<u>\$ (82,513)</u>	<u>\$ (3,065)</u>	<u>\$ (43,033)</u>	<u>\$ (663,477)</u>	<u>\$ (62,372)</u>	<u>\$ (114,138)</u>	<u>\$ (75,727)</u>	<u>\$ (127,568)</u>	<u>\$ (5,996)</u>	<u>\$ (62,765)</u>	<u>\$ (33,610)</u>	<u>\$ (118,590)</u>	<u>\$ (7,240)</u>