

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired
Years Ended June 30, 2007 and 2006
With Report of Independent Auditors

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Audited Financial Statements
and Other Financial Information

Years Ended June 30, 2007 and 2006

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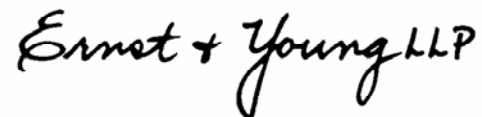
Report of Independent Auditors

The 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, 2007 and 2006, 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, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with U.S generally accepted accounting principles.



October 12, 2007

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Financial Position

	June 30, 2007			June 30, 2006		
	Operating Fund	Long-Term Investment Fund	Total	Operating Fund	Long-Term Investment Fund	Total
Assets						
Cash and cash equivalents	\$ 861,503	\$ -	\$ 861,503	\$ 234,188	\$ -	\$ 234,188
Accounts receivable:						
Lighthouse Industries	365,529	-	365,529	336,410	-	336,410
Bequests	-	752,997	752,997	-	310,802	310,802
Other, principally state agencies	800,837	-	800,837	512,740	-	512,740
Contributions receivable	1,282,398	-	1,282,398	1,467,621	-	1,467,621
Allowance for uncollectible accounts	(24,000)	-	(24,000)	(22,000)	-	(22,000)
Net accounts receivable	2,424,764	752,997	3,177,761	2,294,771	310,802	2,605,573
Accrued investment income	-	84,667	84,667	-	103,481	103,481
Inventories	1,065,566	-	1,065,566	1,146,837	-	1,146,837
Prepaid expenses	153,822	-	153,822	119,553	-	119,553
Investments	11,205	31,481,299	31,492,504	-	30,695,143	30,695,143
Net land, building, and equipment	6,495,796	-	6,495,796	6,744,842	-	6,744,842
Total assets	\$ 11,012,656	\$ 32,318,963	\$ 43,331,619	\$ 10,540,191	\$ 31,109,426	\$ 41,649,617
Liabilities and net assets						
Liabilities:						
Accounts payable	\$ 829,268	\$ -	\$ 829,268	\$ 576,169	\$ -	\$ 576,169
Accrued salaries and payroll taxes	419,042	-	419,042	448,239	-	448,239
Other accrued liabilities	113,528	55,793	169,321	27,860	37,572	65,432
Illinois instructional materials center liability	181,567	-	181,567	-	-	-
Total liabilities	1,543,405	55,793	1,599,198	1,052,268	37,572	1,089,840
Net assets:						
Unrestricted	7,842,330	30,245,419	38,087,749	7,593,256	29,596,469	37,189,725
Temporarily restricted	1,626,921	592,156	2,219,077	1,894,667	55,620	1,950,287
Permanently restricted	-	1,425,595	1,425,595	-	1,419,765	1,419,765
	9,469,251	32,263,170	41,732,421	9,487,923	31,071,854	40,559,777
Total liabilities and net assets	\$ 11,012,656	\$ 32,318,963	\$ 43,331,619	\$ 10,540,191	\$ 31,109,426	\$ 41,649,617

See accompanying notes.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Activities

	June 30, 2007				June 30, 2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues								
Support and revenues:								
Public support:								
Contributions	\$ 1,181,835	\$ 1,255,919	\$ –	\$ 2,437,754	\$ 1,065,288	\$ 1,594,742	\$ –	\$ 2,660,030
United Way	71,029	–	–	71,029	185,272	–	–	185,272
Donated goods/services	63,438	–	–	63,438	401,386	–	–	401,386
Special events revenue	487,875	89,985	–	577,860	630,840	75,885	–	706,725
Less cost of direct benefits to donors	(132,439)	(15,143)	–	(147,582)	(402,310)	(10,442)	–	(412,752)
Net revenues from special events	355,436	74,842	–	430,278	228,530	65,443	–	293,973
Total public support	1,671,738	1,330,761	–	3,002,499	1,880,476	1,660,185	–	3,540,661
Program and other revenues								
Program revenues:								
Lighthouse Industries sales	3,427,395	–	–	3,427,395	3,580,417	–	–	3,580,417
Rehabilitation training course fees and subsidies	6,306,489	–	–	6,306,489	5,104,654	633	–	5,105,287
Optical aid fees and sales	401,091	–	–	401,091	467,444	–	–	467,444
Government service contracts	412,938	–	–	412,938	418,520	–	–	418,520
Total program revenues	10,547,913	–	–	10,547,913	9,571,035	633	–	9,571,668
Other revenues:								
Investment income, primarily interest	18,122	151	–	18,273	14,672	133	–	14,805
Miscellaneous	224,313	–	–	224,313	204,581	–	–	204,581
Total other revenues	242,435	151	–	242,586	219,253	133	–	219,386
Total program and other revenues	10,790,348	151	–	10,790,499	9,790,288	766	–	9,791,054
Total public support and program and other revenues	12,462,086	1,330,912	–	13,792,998	11,670,764	1,660,951	–	13,331,715
Net assets released from restrictions	1,106,783	(1,106,783)	–	–	405,691	(405,691)	–	–
Total operating revenues	13,568,869	224,129	–	13,792,998	12,076,455	1,255,260	–	13,331,715

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Activities (continued)

	June 30, 2007				June 30, 2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Expenses								
Program services	\$ 13,381,754	\$ –	\$ –	\$ 13,381,754	\$ 12,388,353	\$ –	\$ –	\$ 12,388,353
Supporting services	4,018,482	–	–	4,018,482	4,030,105	–	–	4,030,105
Total expenses	17,400,236	–	–	17,400,236	16,418,458	–	–	16,418,458
(Deficiency) excess of operating revenues over operating expenses	(3,831,367)	224,129	–	(3,607,238)	(4,342,003)	1,255,260	–	(3,086,743)
Nonoperating support, revenues, gains, and losses								
Legacies and bequests	979,732	–	–	979,732	887,266	–	–	887,266
Contributions	2,500	17,123	2,500	22,123	50	21,386	8,000	29,436
Investment income, dividends, and interest	673,647	11,432	–	685,079	629,736	10,602	–	640,338
Net realized gains/losses	4,944,948	24,109	3,330	4,972,387	(374,004)	(794)	43	(374,755)
Net change in unrealized (depreciation) appreciation of investments	(1,871,436)	(8,003)	–	(1,879,439)	3,342,851	7,729	–	3,350,580
Total nonoperating support, revenues, gains, and losses	4,729,391	44,661	5,830	4,779,882	4,485,899	38,923	8,043	4,532,865
Change in net assets	898,024	268,790	5,830	1,172,644	143,896	1,294,183	8,043	1,446,122
Net assets at beginning 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
Net assets at end of year	\$ 38,087,749	\$ 2,219,077	\$ 1,425,595	\$ 41,732,421	\$ 37,189,725	\$ 1,950,287	\$ 1,419,765	\$ 40,559,777

See accompanying notes.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statements of Cash Flows

	Year Ended June 30	
	2007	2006
Operating activities		
Change in net assets	\$ 1,172,644	\$ 1,446,122
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net change in unrealized depreciation (appreciation) of investments	1,879,439	(3,350,580)
Contributions restricted for long-term investment	(22,123)	(29,386)
Depreciation	732,692	691,824
Provision (credit) for bad debts	2,000	(3,000)
Changes in operating assets and liabilities:		
Accounts receivable	(574,188)	(418,070)
Accrued investment income	18,814	(3,967)
Inventories	81,271	70,918
Prepaid expenses	(34,269)	(9,420)
Operating investments	(11,205)	-
Accounts payable	253,099	164,382
Accrued salaries and payroll taxes	(29,197)	17,032
Other accrued liabilities	103,889	4,490
Illinois instructional materials center liability	181,567	-
Net cash provided by (used in) operating activities	3,754,433	(1,419,655)
Investing activities		
Purchase of investments	(6,906,769)	(1,824,325)
Sale of investments	4,241,174	3,574,031
Additions to property and equipment	(483,646)	(562,973)
Net cash (used in) provided by investing activities	(3,149,241)	1,186,733
Financing activity		
Proceeds from contributions restricted for long-term investment	22,123	29,386
Net cash provided by financing activity	22,123	29,386
Increase (decrease) in cash and cash equivalents	627,315	(203,536)
Cash and cash equivalents at beginning of year	234,188	437,724
Cash and cash equivalents at end of year	\$ 861,503	\$ 234,188

See accompanying notes.

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Statement of Functional Expenses

Year Ended June 30, 2007

	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	\$ 511,144	\$ 283,588	\$ 338,599	\$ 921,218	\$ 164,888	\$ 105,541	\$ 88,877	\$ 35,042	\$ 49,947	\$ 68,333	\$ 102,671	\$ 124,206	\$ -	\$ 52,101	\$ -	\$ -
Employee benefits	120,278	70,066	81,047	228,402	41,701	26,192	21,533	6,764	12,642	17,658	25,916	31,890	-	12,442	-	-
Total employee salaries and benefits	631,422	353,654	419,646	1,149,620	206,589	131,733	110,410	41,806	62,589	85,991	128,587	156,096	-	64,543	-	-
Client payments	415,194	-	-	-	-	-	-	-	-	-	-	-	-	-	263,445	64,329
Client benefits	103,616	-	-	-	-	-	-	-	-	-	-	-	-	-	26,639	11,130
Total client payments and benefits	518,810	-	-	-	-	-	-	-	-	-	-	-	-	-	290,084	75,459
Total salaries and related benefits	1,150,232	353,654	419,646	1,149,620	206,589	131,733	110,410	41,806	62,589	85,991	128,587	156,096	-	64,543	290,084	75,459
Professional and contract services	55,657	215	14,799	257,752	130	-	440	-	-	-	40	454	-	-	155	-
Supplies	48,832	2,031,642	19,836	88,385	3,083	404	6,230	43,326	2,195	272	5,144	958	-	70	2,329	23,064
Advertising	315,739	-	-	330	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	3,987	-	269	1,147	1,824	95	-	-	-	-	-	109	-	175	266	-
Postage, freight, and direct mail	118,621	10,179	99	93	228	5	-	-	-	-	-	-	-	6	82	-
Equipment rental and maintenance	24,468	34,815	-	875	22	-	-	-	-	-	345	115	-	-	1,255	155
Utilities	1,821	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building repairs and maintenance	390	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and liability insurance	196	3,297	1,268	7,260	115	-	-	-	150	-	3,342	184	-	-	2,566	1,152
Printing	6,889	-	150	941	130	67	65	65	67	131	133	-	-	77	-	-
Conferences, meetings, and major trips	28,409	2,955	14,820	6,244	3,405	4,342	104	2,336	2,979	87	859	2,315	45	2,710	14	44
Memberships	179	-	1,103	346	1,050	-	130	120	32	-	137	600	-	-	-	-
Client transportation and maintenance	492	-	13,070	47,201	313	-	4,019	-	101	174	321	50	2,750	-	-	-
Cost of material	2,067,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Warehouse rental	25,589	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commissions	139,144	-	-	-	-	-	-	-	-	-	-	-	-	-	16,805	3,424
Other	20,589	16,052	3,539	13,886	1,465	(5)	153	138	3,166	30	1,147	2,111	-	613	40,060	100
Distribution of building repairs and maintenance	273,121	81,148	7,044	95,087	5,845	1,873	7,044	1,649	3,672	10,340	13,862	10,790	-	824	-	-
Total expenses before depreciation	4,282,321	2,533,957	495,643	1,669,167	224,199	138,514	128,595	89,440	74,951	97,025	153,917	173,782	2,795	69,018	353,616	103,398
Depreciation	177,208	63,469	3,528	54,730	6,994	1,035	9,113	813	13,783	5,393	17,975	7,187	187	511	370	4,305
Total expenses	\$ 4,459,529	\$ 2,597,426	\$ 499,171	\$ 1,723,897	\$ 231,193	\$ 139,549	\$ 137,708	\$ 90,253	\$ 88,734	\$ 102,418	\$ 171,892	\$ 180,969	\$ 2,982	\$ 69,529	\$ 353,986	\$ 107,703

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 2007	
												Building and Maintenance	General Administration	Public Relations	Fundraising		
\$ 13,781	\$ 431,546	\$ 61,347	\$ 138,472	\$ 241,962	\$ 85,592	\$ 22,487	\$ 67,986	\$ 22,695	\$ 150,045	\$ 59,165	\$ 4,141,233	\$ 277,280	\$ 1,107,798	\$ 149,105	\$ 500,728	\$ 2,034,911	\$ 6,176,144
3,444	64,187	5,983	30,538	60,030	21,099	6,624	16,053	5,467	37,224	14,699	961,879	79,914	271,376	36,200	123,623	511,113	1,472,992
17,225	495,733	67,330	169,010	301,992	106,691	29,111	84,039	28,162	187,269	73,864	5,103,112	357,194	1,379,174	185,305	624,351	2,546,024	7,649,136
-	11,245	-	-	10,580	42,079	-	-	-	-	-	806,872	13,761	813	-	-	14,574	821,446
-	1,883	-	-	590	6,373	-	-	-	-	-	150,231	1,264	73	-	-	1,337	151,568
-	13,128	-	-	11,170	48,452	-	-	-	-	-	957,103	15,025	886	-	-	15,911	973,014
17,225	508,861	67,330	169,010	313,162	155,143	29,111	84,039	28,162	187,269	73,864	6,060,215	372,219	1,380,060	185,305	624,351	2,561,935	8,622,150
-	17,727	-	944	4,615	65	-	545	-	40	-	353,578	305	544,285	823	126,978	672,391	1,025,969
-	193,787	1,614	9,522	4,324	2,694	369	2,373	300	7,736	1,238	2,499,727	81,216	103,204	7,848	15,261	207,529	2,707,256
-	660	-	-	165	-	-	35	-	150	-	317,079	-	5,804	8,772	29,052	43,628	360,707
-	-	-	17,614	-	-	591	1,214	-	-	-	27,291	374	46,706	552	730	48,362	75,653
-	8,841	-	68	156	5	-	312	12	265	-	138,972	46	11,568	1,496	70,756	83,866	222,838
-	1,853	-	5,801	559	125	-	120	-	302	-	70,810	12,419	15,358	-	220	27,997	98,807
-	-	-	-	-	-	-	-	-	-	-	1,821	106,708	-	-	-	106,708	108,529
-	-	-	-	-	-	-	-	-	-	-	390	113,330	-	-	-	113,330	113,720
-	7,392	5,771	-	-	-	184	-	-	611	-	33,488	48,400	56,528	-	462	105,390	138,878
722	1,189	-	171	120	-	-	69	153	-	-	11,139	-	562	22,691	137,337	160,590	171,729
846	6,677	3,708	403	572	40	3,834	11,200	484	8,125	1,183	108,740	3,200	58,040	5,038	20,494	86,772	195,512
-	2,032	-	310	140	-	-	-	-	64	32	6,275	-	8,534	175	1,095	9,804	16,079
72,703	40	-	-	34,584	32,458	-	469	1,082	102	-	209,929	-	-	-	-	-	209,929
-	-	-	-	-	-	-	-	-	-	-	2,067,966	-	-	-	-	-	2,067,966
-	-	-	-	-	-	-	-	-	-	-	25,589	-	-	-	-	-	25,589
-	-	-	-	-	-	-	-	-	-	-	159,373	-	-	-	-	-	159,373
4,873	28,566	196	644	5,187	170	171	2,285	277	2,560	424	148,397	11,087	108,335	61,310	17,731	198,463	346,860
-	24,652	974	14,686	34,618	12,663	1,499	5,395	749	14,312	899	622,746	(749,304)	108,125	4,496	13,937	(622,746)	-
96,369	802,277	79,593	219,173	398,202	203,363	35,759	108,056	31,219	221,536	77,640	12,863,525	-	2,447,109	298,506	1,058,404	3,804,019	16,667,544
-	58,623	441	21,631	17,820	5,763	762	4,132	1,509	32,362	8,585	518,229	-	196,786	4,510	13,167	214,463	732,692
\$ 96,369	\$ 860,900	\$ 80,034	\$ 240,804	\$ 416,022	\$ 209,126	\$ 36,521	\$ 112,188	\$ 32,728	\$ 253,898	\$ 86,225	\$ 13,381,754	\$ -	\$ 2,643,895	\$ 303,016	\$ 1,071,571	\$ 4,018,482	\$ 17,400,236

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

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	Total		
\$	–	\$ 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

Notes to Financial Statements

Year Ended June 30, 2007

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 five 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 \$109,794 and \$124,011 for the years ended June 30, 2007 and 2006, 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) of assets held in the investment pool at June 30:

	2007		2006	
	Cost	Fair Value (Carrying Value)	Cost	Fair Value (Carrying Value)
Private investment funds	\$ 1,873,000	\$ 2,228,693	\$ —	\$ —
Common stocks	15,942,645	23,891,267	15,170,793	25,323,288
Bonds and other debt instruments	5,232,429	5,372,544	5,211,687	5,371,855
	\$ 23,048,074	\$ 31,492,504	\$ 20,382,480	\$ 30,695,143

The investments include private investment funds valued at \$2,228,693 (5% of net assets). Management's estimates are based on information provided by fund managers.

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

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Investment income, dividends, and interest	\$ 691,769	\$ 11,583	\$ —	\$ 703,352
Net realized gains	4,944,948	24,109	3,330	4,972,387
Net change in unrealized appreciation (depreciation) of long-term investments	(1,871,436)	(8,003)	—	(1,879,439)
	\$ 3,765,281	\$ 27,689	\$ 3,330	\$ 3,796,300

The Chicago Lighthouse for People
Who Are Blind or Visually Impaired

Notes to Financial Statements (continued)

2. Investments (continued)

	2006			
	Temporarily		Permanently	
	Unrestricted	Restricted	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 (depreciation) of long-term investments	3,342,851	7,729	–	3,350,580
	\$ 3,613,255	\$ 17,670	\$ 43	\$ 3,630,968

3. Land, Building, and Equipment

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

	2007	2006
Land	\$ 131,872	\$ 131,872
Building	10,450,389	10,411,165
Equipment	5,182,254	4,833,312
Construction-in-process	66,121	–
	15,830,636	15,376,349
Less accumulated depreciation	(9,334,840)	(8,631,507)
Net land, building, and equipment	\$ 6,495,796	\$ 6,744,842

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:

	2007	2006
Building expansion	\$ 651,021	\$ –
Associate Board designation for future years	80,204	71,211
Birth to Three	329,673	325,433
Client emergency assistance	6,832	1,237
Program expansion and operations	270,550	193,051
Scholarship fund	117,055	109,360
Centennial Campaign	578,653	1,105,125
Purchase of fixed assets	89,156	27,400
Illinois Instructional Materials Center	3,776	61,850
Charitable gift annuities	92,157	55,620
	\$ 2,219,077	\$ 1,950,287

Net assets were released from donor restrictions during the years ended June 30, 2007 and 2006, by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors for program restrictions accomplished totaling \$1,106,783 and \$405,691, 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:

	2007	2006
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	18,873	13,043
	\$ 1,425,595	\$ 1,419,765

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:

	2007	2006
Unconditional promises to give due in:		
Less than one year	\$ 591,507	\$ 705,271
One to five years	820,636	856,602
	1,412,143	1,561,873
Less allowance for uncollectible accounts and unamortized discount	(129,745)	(94,252)
Contributions receivable, net	\$ 1,282,398	\$ 1,467,621

6. Major Customer

Approximately 78% of Lighthouse Industries sales during fiscal 2007 and 2006 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 2007 and 2006 was \$293,610 and \$227,980, respectively.

8. United Way of Metropolitan Chicago Public Support

United Way provided support of \$21,029 and \$78,580 in fiscal 2007 and 2006, 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 2007 and 2006 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

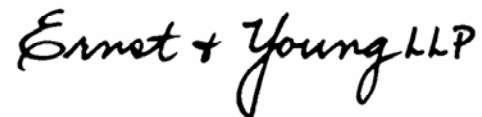
The Lighthouse is a tax-exempt organization, as defined by Section 501(c)(3) of the Internal Revenue Code. Accordingly, The Lighthouse has no provision for income taxes.

Other Financial Information

Report of Independent Auditors on Other Financial Information

The 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

October 12, 2007

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, 2007

	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	\$ 1,262,757	\$ 33,907	\$ 22,409	\$ 269,414	\$ 34,774	\$ 20,692	\$ –	\$ 360	\$ –	\$ –	\$ 20,133
United Way	71,029	4,889	–	50,000	–	2,984	–	–	–	–	2,282
Program revenue:											
Workshop sales	3,427,395	3,427,395	–	–	–	–	–	–	–	–	–
Rehab training course fees and subsidies:											
DHS/Dept. of Rehab Services – Illinois	1,314,569	–	–	109,339	–	199,500	102,045	80,000	85,812	75,741	–
Title XX	500,592	116,389	–	–	–	71,027	–	–	–	–	54,319
Chicago Board of Education	1,373,951	–	–	–	1,373,951	–	–	–	–	–	–
Suburban school districts	278,006	–	–	–	278,006	–	–	–	–	–	–
American Printing House	702,477	–	641,676	14,942	43,062	496	–	771	–	–	–
Illinois State Board of Education	1,939,433	–	1,939,433	–	–	–	–	–	–	–	–
City of Chicago	8,313	–	–	–	–	–	–	8,313	–	–	–
Other	182,952	–	–	675	63,232	–	–	–	–	–	–
Total rehab fees and subsidies	6,300,293	116,389	2,581,109	124,956	1,758,251	271,023	102,045	89,084	85,812	75,741	54,319
Optical aid fees and sales	401,091	–	–	–	–	–	–	–	–	–	–
Government service contract revenue	412,938	–	–	–	–	–	–	–	–	–	–
Other income	142,258	–	2,130	–	–	–	–	–	–	–	–
Investment income	84,998	42,083	–	–	–	–	–	–	–	–	–
Total revenues	12,102,759	3,624,663	2,605,648	444,370	1,793,025	294,699	102,045	89,444	85,812	75,741	76,734
Program expenses	13,381,754	4,459,529	2,597,426	499,171	1,723,897	231,193	139,549	137,708	90,253	88,734	102,418
Program revenue (less than) in excess of program expenses	(1,278,995)	(834,866)	8,222	(54,801)	69,128	63,506	(37,504)	(48,264)	(4,441)	(12,993)	(25,684)
Allocated management and general expenses	2,643,895	526,399	160,484	173,968	488,063	85,133	54,200	46,797	18,243	26,175	36,750
Program revenue (less than) in excess of program expenses and allocated management and general expenses	(3,922,890)	(1,361,265)	(152,262)	(228,769)	(418,935)	(21,627)	(91,704)	(95,061)	(22,684)	(39,168)	(62,434)
Net assets released from restriction	455,138	–	58,074	209,000	–	–	–	2,000	–	–	–
Contributions restricted to future years	(428,594)	–	–	(153,240)	(889)	–	–	–	–	–	–
Net activity	\$ (3,896,346)	\$ (1,361,265)	\$ (94,188)	\$ (173,009)	\$ (419,824)	\$ (21,627)	\$ (91,704)	\$ (93,061)	\$ (22,684)	\$ (39,168)	\$ (62,434)

Office Skills	Vocational Evaluation	Social Services	Mobility	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
\$ -	\$ -	\$ 5,702	\$ -	\$ -	\$ 110,937	\$ -	\$ 80,418	\$ 108,034	\$ 262,646	\$ 50	\$ 32,490	\$ -	\$ 40,485	\$ 85,000	\$ 21,081	\$ 114,225
-	-	-	-	-	-	-	-	-	-	-	4,685	-	3,149	-	3,040	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57,500	68,000	-	25,614	-	-	-	-	-	-	415,069	-	-	-	-	95,949	-
-	-	-	-	-	-	-	-	-	-	-	111,527	-	74,967	-	72,363	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
534	-	-	-	-	-	-	-	-	-	-	720	-	276	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,500	-	-	8,514	-	-	-	-	-	68,599	-	-	39,432	-	-	-	-
60,534	68,000	-	34,128	-	-	-	-	-	68,599	415,069	112,247	39,432	75,243	-	168,312	-
-	-	-	-	-	-	-	401,091	-	-	-	-	-	-	-	-	-
-	-	-	-	412,938	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	118,242	-	-	4,522	8,541	-	-	-	-	8,823	-
6,682	-	-	-	-	-	-	32,445	-	-	-	-	-	3,788	-	-	-
67,216	68,000	5,702	34,128	412,938	110,937	118,242	513,954	108,034	335,767	423,660	149,422	39,432	122,665	85,000	201,256	114,225
171,892	180,969	2,982	69,529	353,986	96,369	107,703	860,900	80,034	240,804	416,022	209,126	36,521	112,188	32,728	253,898	86,225
(104,676)	(112,969)	2,720	(35,401)	58,952	14,568	10,539	(346,946)	28,000	94,963	7,638	(59,704)	2,911	10,477	52,272	(52,642)	28,000
54,993	65,304	-	26,703	134,310	7,139	32,784	230,548	31,462	73,500	135,632	67,419	11,633	35,693	11,633	78,525	30,405
(159,669)	(178,273)	2,720	(62,104)	(75,358)	7,429	(22,245)	(577,494)	(3,462)	21,463	(127,994)	(127,123)	(8,722)	(25,216)	40,639	(131,167)	(2,405)
50,000	-	107	-	-	103,242	-	32,715	-	-	-	-	-	-	-	-	-
-	-	(5,702)	-	-	(110,937)	-	(11,975)	180	(91,307)	-	-	-	(14,085)	(40,639)	-	-
\$ (109,669)	\$ (178,273)	\$ (2,875)	\$ (62,104)	\$ (75,358)	\$ (266)	\$ (22,245)	\$ (556,754)	\$ (3,282)	\$ (69,844)	\$ (127,994)	\$ (127,123)	\$ (8,722)	\$ (39,301)	\$ -	\$ (131,167)	\$ (2,405)