

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
THE CHICAGO LIGHTHOUSE FOR PEOPLE
WHO ARE BLIND OR VISUALLY IMPAIRED
JUNE 30, 2010 AND 2009**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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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, 2010 and 2009, 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 of America as established by the American Institute of Certified Public Accountants. 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 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 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 The Chicago Lighthouse for People Who Are Blind or Visually Impaired as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of 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.

Grant Thornton LLP

Chicago, Illinois
December 16, 2010

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
STATEMENTS OF FINANCIAL POSITION
June 30,

ASSETS	2010			2009		
	Operating Fund	Long-Term Investment Fund	Total	Operating Fund	Long-Term Investment Fund	Total
Cash and cash equivalents	\$ 327,252	\$ -	\$ 327,252	\$ 111,260	\$ -	\$ 111,260
Accounts receivable						
Lighthouse Industries	610,842	-	610,842	537,042	-	537,042
Bequests	-	296,060	296,060	-	522,442	522,442
Other, principally state agencies	2,016,390	-	2,016,390	1,984,949	-	1,984,949
Contributions, net	905,800	-	905,800	1,104,390	-	1,104,390
Allowance for uncollectible accounts	(37,642)	-	(37,642)	(50,000)	-	(50,000)
Accounts receivable, net	3,495,390	296,060	3,791,450	3,576,381	522,442	4,098,823
Accrued investment income	-	11,193	11,193	-	53,506	53,506
Inventories	922,480	-	922,480	881,519	-	881,519
Prepaid expenses	104,174	-	104,174	119,975	-	119,975
Investments	-	16,367,180	16,367,180	-	19,585,246	19,585,246
Beneficial interest in perpetual trusts	-	489,503	489,503	-	-	-
Land, buildings and equipment, net	10,345,008	-	10,345,008	6,882,769	-	6,882,769
TOTAL ASSETS	\$15,194,304	\$17,163,936	\$32,358,240	\$ 11,571,904	\$20,161,194	\$31,733,098
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	\$ 1,208,776	\$ -	\$ 1,208,776	\$ 785,254	\$ -	\$ 785,254
Accrued salaries and payroll taxes	459,626	-	459,626	500,646	-	500,646
Line of credit	1,000,000	-	1,000,000	-	-	-
Other accrued liabilities	62,482	96,806	159,288	189,060	49,455	238,515
Total liabilities	2,730,884	96,806	2,827,690	1,474,960	49,455	1,524,415
Net assets						
Unrestricted	10,955,405	13,761,949	24,717,354	7,524,292	17,871,553	25,395,845
Temporarily restricted	1,508,015	1,378,630	2,886,645	2,572,652	802,446	3,375,098
Permanently restricted	-	1,926,551	1,926,551	-	1,437,740	1,437,740
Total net assets	12,463,420	17,067,130	29,530,550	10,096,944	20,111,739	30,208,683
TOTAL LIABILITIES AND NET ASSETS	\$15,194,304	\$17,163,936	\$32,358,240	\$ 11,571,904	\$20,161,194	\$31,733,098

The accompanying notes are an integral part of these statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
STATEMENTS OF ACTIVITIES
June 30,

	2010				2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenues								
Support and revenues								
Public support								
Contributions	\$1,751,942	\$ 807,585	\$ -	\$2,559,527	\$1,147,754	\$ 402,173	\$ -	\$1,549,927
United Way	97,498	-	-	97,498	15,463	-	-	15,463
Donated goods/services	96,089	-	-	96,089	86,165	-	-	86,165
Special events revenue	392,868	94,439	-	487,307	250,760	73,863	-	324,623
Less cost of direct benefits to donors	(145,876)	(14,052)	-	(159,928)	(79,683)	(11,653)	-	(91,336)
Net revenues from special events	246,992	80,387	-	327,379	171,077	62,210	-	233,287
Total public support	2,192,521	887,972	-	3,080,493	1,420,459	464,383	-	1,884,842
Program and other revenues								
Program revenues								
Lighthouse Industries sales	4,701,221	-	-	4,701,221	3,549,754	-	-	3,549,754
Rehabilitation training course fees and subsidies	5,551,789	90,786	-	5,642,575	6,743,013	171,447	-	6,914,460
Optical aid fees and sales	904,301	-	-	904,301	678,176	-	-	678,176
Government and other service contracts	687,879	-	-	687,879	973,790	-	-	973,790
Miscellaneous program revenues	207,957	-	-	207,957	203,805	-	-	203,805
Total program revenues	12,053,147	90,786	-	12,143,933	12,148,538	171,447	-	12,319,985
Other revenues								
Investment income, primarily interest	2,943	-	-	2,943	2,848	-	-	2,848
Miscellaneous other revenues	58,550	-	-	58,550	50,341	-	-	50,341
Total other revenues	61,493	-	-	61,493	53,189	-	-	53,189
Total program and other revenues	12,114,640	90,786	-	12,205,426	12,201,727	171,447	-	12,373,174
Total public support, program and other revenues	14,307,161	978,758	-	15,285,919	13,622,186	635,830	-	14,258,016
Net assets released from restrictions	1,625,621	(1,625,621)	-	-	1,232,669	(1,232,669)	-	-
Total operating revenues	15,932,782	(646,863)	-	15,285,919	14,854,855	(596,839)	-	14,258,016

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
STATEMENTS OF ACTIVITIES - CONTINUED
June 30,

	2010				2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Expenses								
Program services	\$15,023,868	\$ -	\$ -	\$15,023,868	\$14,499,338	\$ -	\$ -	\$ 14,499,338
Supporting services	3,661,787	-	-	3,661,787	4,155,941	-	-	4,155,941
Total expenses	18,685,655	-	-	18,685,655	18,655,279	-	-	18,655,279
Deficiency of operating revenues over operating expenses	(2,752,873)	(646,863)	-	(3,399,736)	(3,800,424)	(596,839)	-	(4,397,263)
Non-operating support, revenues, gains and losses								
Legacies and bequests	1,282,722	-	-	1,282,722	1,256,321	-	-	1,256,321
Contributions	-	33,282	-	33,282	-	50,000	-	50,000
Beneficial interest in perpetual trusts	-	-	447,911	447,911	-	-	-	-
Investment income, dividends and interest	345,351	4,461	-	349,812	389,426	22,057	-	411,483
Change in value of split-interest agreements	-	(38,693)	41,592	2,899	-	-	-	-
Net realized (losses) gains	(472,965)	24,050	(692)	(449,607)	(1,252,556)	(81,673)	(1,811)	(1,336,040)
Net change in unrealized appreciation (depreciation) of investments	919,274	135,310	-	1,054,584	(6,216,719)	(413,888)	-	(6,630,607)
Total non-operating support, revenues, gains and losses	2,074,382	158,410	488,811	2,721,603	(5,823,528)	(423,504)	(1,811)	(6,248,843)
Change in net assets before reclassification	(678,491)	(488,453)	488,811	(678,133)	(9,623,952)	(1,020,343)	(1,811)	(10,646,106)
Net asset reclassification based on change in law	-	-	-	-	(1,026,417)	1,026,417	-	-
Change in net assets	(678,491)	(488,453)	488,811	(678,133)	(10,650,369)	6,074	(1,811)	(10,646,106)
Net assets, at beginning of year	25,395,845	3,375,098	1,437,740	30,208,683	36,046,214	3,369,024	1,439,551	40,854,789
Net assets, at end of year	\$24,717,354	\$2,886,645	\$1,926,551	\$29,530,550	\$25,395,845	\$3,375,098	\$1,437,740	\$ 30,208,683

The accompanying notes are an integral part of these statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
STATEMENTS OF CASH FLOWS
Years ended June 30,

	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (678,133)	\$ (10,646,106)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net change in unrealized (appreciation) depreciation of investments	(1,054,584)	6,630,607
Net realized losses on sales of investments	449,607	1,336,040
Net change in value of split-interest agreements	79,783	-
Contributions of perpetual trusts held by third party	(447,911)	-
Contributions restricted for long-term investment	(33,282)	-
Depreciation	853,853	763,026
Provision for bad debts	(12,358)	10,000
Changes in operating assets and liabilities		
Accounts receivable	319,731	(209,939)
Accrued investment income	42,313	20,942
Inventories	(40,961)	57,952
Prepaid expenses	15,801	140,173
Accounts payable	423,522	121,295
Accrued salaries and payroll taxes	(41,020)	19,342
Other accrued liabilities	(200,602)	(14,803)
Illinois Instructional Materials Center liability	-	(149,653)
Net cash used in operating activities	(324,241)	(1,921,124)
Cash flows from investing activities		
Purchases of investments	(1,572,327)	(625,241)
Sale of investments	5,395,370	3,323,011
Additions to property and equipment	(4,316,092)	(1,110,850)
Net cash (used in) provided by investing activities	(493,049)	1,586,920
Cash flows from financing activities		
Proceeds from contributions restricted for long-term investment	33,282	-
Proceeds from line of credit	1,000,000	-
Net cash provided by financing activities	1,033,282	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	215,992	(334,204)
Cash and cash equivalents, beginning of year	111,260	445,464
Cash and cash equivalents, end of year	<u>\$ 327,252</u>	<u>\$ 111,260</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of amounts capitalized	\$ 5,803	\$ -

The accompanying notes are an integral part of these statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2010

	Program services															
	Lighthouse Industries	Instructional Materials Center	Birth-to-Three/ Homebound	Child Development Center	Communications Center	Placement	Supported Employment	Seniors Computer	Elderly	Collections Training	Work Adjustment Training	Office Skills	Vocational Evaluation	Vending Program	Social Services	Mobility
Employee salaries	\$ 565,448	\$ 279,929	\$ 320,887	\$ 761,751	\$ 28,113	\$ 134,971	\$ 91,867	\$ 80,409	\$ 37,094	\$ 38,825	\$ 51,158	\$ 126,316	\$ 110,819	\$ -	\$ -	\$ 61,335
Employee benefits	140,297	67,043	79,785	188,853	7,161	33,512	22,215	19,861	9,093	9,431	11,502	31,102	27,926	-	-	13,969
Total employee salaries and benefits	705,745	346,972	400,672	950,604	35,274	168,483	114,082	100,270	46,187	48,256	62,660	157,418	138,745	-	-	75,304
Client payments	699,194	-	-	-	63,663	-	-	-	-	-	-	-	-	-	-	-
Client benefits	128,030	-	-	-	7,385	-	-	-	11	-	-	-	-	-	-	-
Total client payments and benefits	827,224	-	-	-	71,048	-	-	-	11	-	-	-	-	-	-	-
Total salaries and related benefits	1,532,969	346,972	400,672	950,604	106,322	168,483	114,082	100,270	46,198	48,256	62,660	157,418	138,745	-	-	75,304
Professional and contract services	94,881	-	23,419	289,296	-	410	-	900	7,350	-	-	-	-	-	-	-
Supplies	34,059	1,638,030	3,008	55,328	1,850	1,315	145	6,665	42,954	3,584	188	239	2,071	-	-	906
Advertising	260,779	-	-	-	-	-	-	20	-	-	-	-	-	-	-	-
Telephone	3,129	-	1,917	738	-	825	1,665	-	-	21	-	45	38	-	-	763
Postage, freight and direct mail	181,693	9,749	-	77	-	29	6	-	5	-	-	-	-	-	-	-
Equipment rental and maintenance	36,230	43,066	-	963	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	4,297	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and liability insurance	459	3,696	1,393	7,980	-	127	-	-	-	182	-	3,674	203	-	-	125
Printing	2,353	-	3	8	-	235	93	93	-	-	-	-	-	-	-	-
Conference, meetings and major trips	21,326	1,929	13,599	2,430	12	1,552	5,147	442	2,474	90	4	185	155	-	-	2,472
Memberships	-	-	-	135	-	-	-	-	-	-	-	-	-	-	-	-
Client assistance	-	-	7,922	36,508	-	388	-	6,227	-	-	80	29	63	-	1,078	-
Cost of materials	2,726,321	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building rental	24,622	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commissions	259,388	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	32,952	22,229	1,414	5,449	1,311	125	21	1,245	400	-	609	-	950	-	-	-
Distribution of building repairs and maintenance	236,869	57,619	5,398	67,049	2,777	4,422	520	6,633	325	-	8,910	10,470	8,064	-	-	130
Total expenses before depreciation	5,452,327	2,123,290	458,745	1,416,565	112,272	177,911	121,679	122,495	99,706	52,133	72,451	172,060	150,289	-	1,078	79,700
Depreciation	212,395	43,224	3,499	61,899	2,143	4,979	3,344	6,075	215	7,264	6,250	19,939	7,338	-	-	383
Total expenses	<u>\$ 5,664,722</u>	<u>\$ 2,166,514</u>	<u>\$ 462,244</u>	<u>\$ 1,478,464</u>	<u>\$ 114,415</u>	<u>\$ 182,890</u>	<u>\$ 125,023</u>	<u>\$ 128,570</u>	<u>\$ 99,921</u>	<u>\$ 59,397</u>	<u>\$ 78,701</u>	<u>\$ 191,999</u>	<u>\$ 157,627</u>	<u>\$ -</u>	<u>\$ 1,078</u>	<u>\$ 80,083</u>

The accompanying notes are an integral part of this statement.

Program services - Continued															Supporting services					2010 total
Government Service Contracts	Midway	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	MOR Store	Total	Building and maintenance	General administration	Public relations	Fund-raising	Total	
\$ -	\$ -	\$ -	\$ 572,808	\$ 60,541	\$ 149,888	\$ 265,313	\$ 89,998	\$ 25,611	\$ 84,932	\$ 26,608	\$ 133,303	\$ 66,873	\$ 139,225	\$ 4,304,022	\$ 219,801	\$ 1,194,281	\$ 128,403	\$ 372,135	1,914,620	\$ 6,218,642
-	-	-	128,586	5,024	33,757	64,870	21,701	6,484	21,056	6,610	32,522	16,289	36,586	1,035,235	55,774	280,067	30,246	91,093	457,180	1,492,415
-	-	-	701,394	65,565	183,645	330,183	111,699	32,095	105,988	33,218	165,825	83,162	175,811	5,339,257	275,575	1,474,348	158,649	463,228	2,371,800	7,711,057
281,761	46,300	-	11,147	-	-	9,884	45,396	-	-	1,970	-	-	-	1,159,315	21,066	-	-	-	21,066	1,180,381
23,978	5,073	-	1,663	-	-	723	5,412	-	-	292	-	-	-	172,567	2,677	-	-	-	2,677	175,244
305,739	51,373	-	12,810	-	-	10,607	50,808	-	-	2,262	-	-	-	1,331,882	23,743	-	-	-	23,743	1,355,625
305,739	51,373	-	714,204	65,565	183,645	340,790	162,507	32,095	105,988	35,480	165,825	83,162	175,811	6,671,139	299,318	1,474,348	158,649	463,228	2,395,543	9,066,682
70	-	-	388,371	-	16,670	115	-	-	2,954	-	170	-	3,549	828,155	-	549,756	6,445	80,162	636,363	1,464,518
821	25,292	33	402,346	-	2,757	3,901	572	40	2,524	-	7,720	97	39,873	2,276,318	51,146	89,681	1,720	6,118	148,665	2,424,983
-	-	-	3,810	-	-	-	-	250	15	-	210	-	300	265,384	-	4,010	-	6,055	10,065	275,449
-	-	-	5,367	-	19,539	3	-	506	1,037	24	56	24	2,072	37,769	576	56,518	691	1,245	59,030	96,799
10	-	68	14,352	6	147	6	-	-	69	6	290	-	53	206,566	332	13,412	33	15,514	29,291	235,857
468	434	-	7,662	-	6,654	251	-	-	-	-	652	-	567	96,947	17,590	23,669	-	-	41,259	138,206
-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,297	119,976	-	-	-	119,976	124,273
-	-	-	-	-	-	-	-	-	-	-	-	-	330	330	111,274	353	-	-	111,627	111,957
804	268	-	6,856	4,598	-	-	-	186	-	-	671	-	-	31,222	33,204	63,667	-	507	97,378	128,600
-	-	-	5,223	-	524	-	136	-	-	-	229	-	693	9,590	-	583	7,325	40,454	48,362	57,952
100	37	1,898	8,602	-	433	594	-	5,494	8,631	475	726	92	682	79,581	100	30,746	1,182	14,130	46,158	125,739
-	-	-	1,064	-	300	-	-	-	-	-	-	-	-	1,499	-	7,350	-	289	7,639	9,138
-	-	60,219	-	-	-	41,758	42,530	-	685	906	-	-	-	198,393	-	110	-	-	110	198,503
-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,726,321	-	-	-	-	-	2,726,321
-	-	-	4,684	-	-	-	-	-	-	-	-	-	10,692	39,998	-	-	-	-	-	39,998
20,680	4,136	-	-	-	-	-	-	-	-	-	-	-	-	284,204	-	-	-	-	-	284,204
786	-	3,673	36,369	111	738	2,208	516	395	8,585	1,261	77	-	1,362	122,786	17,066	164,881	890	17,000	199,837	322,623
-	-	-	51,571	976	10,405	27,769	7,219	780	2,797	-	10,730	715	1,171	523,319	(650,582)	117,703	1,496	8,064	(523,319)	-
329,478	81,540	65,891	1,650,481	71,256	241,812	417,395	213,480	39,746	133,285	38,152	187,356	84,090	237,155	14,403,818	-	2,596,787	178,431	652,766	3,427,984	17,831,802
370	-	-	82,204	1,194	35,628	19,833	4,634	590	5,391	602	71,128	9,062	10,468	620,051	-	221,970	3,747	8,085	233,802	853,853
<u>\$ 329,848</u>	<u>\$ 81,540</u>	<u>\$ 65,891</u>	<u>\$ 1,732,685</u>	<u>\$ 72,450</u>	<u>\$ 277,440</u>	<u>\$ 437,228</u>	<u>\$ 218,114</u>	<u>\$ 40,336</u>	<u>\$ 138,676</u>	<u>\$ 38,754</u>	<u>\$ 258,484</u>	<u>\$ 93,152</u>	<u>\$ 247,623</u>	<u>\$ 15,023,869</u>	<u>\$ -</u>	<u>\$ 2,818,757</u>	<u>\$ 182,178</u>	<u>\$ 660,851</u>	<u>\$ 3,661,786</u>	<u>\$ 18,685,655</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2009

	Program services															
	Lighthouse Industries	Instructional Materials Center	Birth-to-Three/ Homebound	Child Development Center	Communications Center	Placement	Supported Employment	Seniors Computer	Elderly	Collections Training	Work Adjustment Training	Office Skills	Vocational Evaluation	Vending Program	Social Services	Mobility
Employee salaries	\$ 529,261	\$ 284,967	\$ 321,362	\$ 877,257	\$ 2,747	\$ 134,915	\$ 89,884	\$ 74,869	\$ 45,609	\$ 54,168	\$ 70,508	\$ 119,763	\$ 99,593	\$ 127,490	\$ 3,465	\$ 69,902
Employee benefits	146,450	75,263	87,571	237,754	736	37,163	24,243	21,904	9,608	14,843	19,305	32,874	27,643	35,016	952	17,780
Total employee salaries and benefits	675,711	360,230	408,933	1,115,011	3,483	172,078	114,127	96,773	55,217	69,011	89,813	152,637	127,236	162,506	4,417	87,682
Client payments	679,502	-	-	-	4,687	-	-	-	-	-	-	-	-	-	-	-
Client benefits	135,527	-	-	-	590	-	-	124	-	-	-	-	-	-	-	-
Total client payments and benefits	815,029	-	-	-	5,277	-	-	124	-	-	-	-	-	-	-	-
Total salaries and related benefits	1,490,740	360,230	408,933	1,115,011	8,760	172,078	114,127	96,897	55,217	69,011	89,813	152,637	127,236	162,506	4,417	87,682
Professional and contract services	60,715	722	17,035	290,790	-	455	-	983	-	-	-	-	-	260	-	-
Supplies	44,679	2,265,915	12,351	43,873	2,326	1,377	935	2,592	37,120	251	150	1,267	1,128	1,326	-	1,088
Advertising	208,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	2,742	-	1,544	759	-	561	1,766	-	-	19	-	41	39	541	-	608
Postage, freight and direct mail	147,191	14,533	21	58	-	115	-	-	-	-	-	238	-	46	-	-
Equipment rental and maintenance	19,598	27,397	-	1,173	-	-	-	-	-	-	-	-	155	-	-	-
Utilities	1,041	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property and liability insurance	173	2,838	1,122	6,427	-	102	-	-	-	133	-	2,959	163	-	-	136
Printing	2,972	-	101	229	-	-	-	-	-	-	-	-	-	205	-	-
Conference, meetings and major trips	19,073	2,615	17,105	3,570	75	1,713	5,741	405	3,084	747	17	1,322	589	4,494	2	3,551
Memberships	1,030	-	340	855	-	400	-	25	8	8	-	95	357	-	-	15
Client assistance	505	-	5,574	44,909	-	1,033	-	5,905	-	-	438	230	-	-	(570)	-
Cost of materials	1,953,755	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building rental	24,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commissions	168,736	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	75,263	22,128	1,138	16,841	95	869	477	229	-	41	1,451	99	2,331	1,379	2	631
Distribution of building repairs and maintenance	250,683	70,246	6,474	80,163	413	5,509	689	6,680	2,066	3,030	5,854	12,534	9,642	2,135	-	138
Total expenses before depreciation	4,472,053	2,766,624	471,738	1,604,658	11,669	184,212	123,735	113,716	97,495	73,240	97,723	171,422	141,640	172,892	3,851	93,849
Depreciation	197,191	52,270	3,410	62,066	221	5,033	3,943	3,495	1,040	8,897	3,813	21,081	7,314	2,347	-	378
Total expenses	\$ 4,669,244	\$ 2,818,894	\$ 475,148	\$ 1,666,724	\$ 11,890	\$ 189,245	\$ 127,678	\$ 117,211	\$ 98,535	\$ 82,137	\$ 101,536	\$ 192,503	\$ 148,954	\$ 175,239	\$ 3,851	\$ 94,227

The accompanying notes are an integral part of this statement.

Government Service Contracts	Program services - Continued												Supporting services					2009 total	
	Midway	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	Building and maintenance	General administration	Public relations	Fund-raising		Total
\$ -	\$ -	\$ -	\$ 506,726	\$ 64,088	\$ 178,924	\$ 270,772	\$ 90,218	\$26,392	\$ 76,668	\$33,387	\$ 142,017	\$64,434	\$ 4,359,386	\$ 233,351	\$ 1,355,938	\$ 127,344	\$ 457,201	\$ 2,173,834	\$ 6,533,220
-	-	-	113,900	6,310	45,923	74,164	22,884	7,114	20,943	8,561	38,610	17,522	1,145,036	64,294	364,853	35,038	125,401	589,586	1,734,622
-	-	-	620,626	70,398	224,847	344,936	113,102	33,506	97,611	41,948	180,627	81,956	5,504,422	297,645	1,720,791	162,382	582,602	2,763,420	8,267,842
300,845	76,694	-	13,169	-	-	10,072	54,573	-	-	10,143	-	-	1,149,685	35,391	-	-	-	35,391	1,185,076
25,660	11,859	-	2,279	-	-	653	8,127	-	-	1,170	-	-	185,989	5,292	-	-	-	5,292	191,281
326,505	88,553	-	15,448	-	-	10,725	62,700	-	-	11,313	-	-	1,335,674	40,683	-	-	-	40,683	1,376,357
326,505	88,553	-	636,074	70,398	224,847	355,661	175,802	33,506	97,611	53,261	180,627	81,956	6,840,096	338,328	1,720,791	162,382	582,602	2,804,103	9,644,199
70	-	-	211,804	637	3,900	365	150	-	1,827	838	-	-	590,551	375	635,589	2,830	41,593	680,387	1,270,938
2,088	32,918	284	269,815	202	9,337	8,191	1,153	93	3,068	297	707	3	2,744,534	57,512	90,211	3,974	12,492	164,189	2,908,723
-	-	-	-	-	-	-	-	-	250	-	-	-	209,207	-	4,173	2,260	3,100	9,533	218,740
-	-	1	589	-	17,719	-	-	510	1,061	21	52	22	28,595	-	58,805	900	786	60,491	89,086
9	4	-	12,692	-	697	6	-	-	396	-	168	-	176,174	-	11,834	111	47,703	59,648	235,822
-	1,292	-	2,770	-	7,443	302	-	-	-	-	-	-	60,130	17,195	18,774	446	-	36,415	96,545
-	-	-	-	-	-	-	-	-	-	-	-	-	1,041	133,485	-	-	-	133,485	134,526
-	-	-	-	-	-	-	-	-	-	-	-	-	-	79,588	-	-	-	-	79,588
3,061	1,020	-	7,399	5,565	-	-	-	163	-	-	541	-	31,802	42,850	47,343	-	409	90,602	122,404
-	-	-	8,140	-	563	435	-	-	72	-	38	-	12,755	-	6,698	13,579	81,866	102,143	114,898
33	-	1,115	7,982	1,289	311	633	98	6,099	10,208	63	1,797	615	94,346	4,806	65,093	2,538	12,337	84,774	179,120
-	-	-	200	-	120	65	-	8	20	-	-	-	3,546	-	9,186	259	619	10,064	13,610
-	-	76,602	-	-	-	40,452	39,846	-	354	20	-	-	215,298	-	405	-	-	405	215,703
-	-	-	-	-	-	-	-	-	-	-	-	-	1,953,755	-	-	-	-	-	1,953,755
-	-	-	-	-	-	-	-	-	-	-	-	-	24,200	-	-	-	-	-	24,200
15,916	5,377	-	-	-	-	-	-	-	-	-	-	-	190,029	-	-	-	-	-	190,029
227	393	2,712	36,841	2,529	1,266	3,251	774	2	6,070	2,068	145	41	179,293	14,549	167,522	10,094	28,909	221,074	400,367
-	-	-	38,222	1,171	12,396	33,333	8,677	964	3,306	-	12,810	826	567,961	(688,688)	109,501	3,857	7,369	(567,961)	-
347,909	129,557	80,714	1,232,528	81,791	278,599	442,694	226,500	41,345	124,243	56,568	196,885	83,463	13,923,313	-	2,945,925	203,230	819,785	3,968,940	17,892,253
370	-	-	59,864	1,051	32,058	19,049	4,405	567	4,892	753	71,479	9,038	576,025	-	174,535	4,623	7,843	187,001	763,026
<u>\$ 348,279</u>	<u>\$ 129,557</u>	<u>\$ 80,714</u>	<u>\$ 1,292,392</u>	<u>\$ 82,842</u>	<u>\$ 310,657</u>	<u>\$ 461,743</u>	<u>\$ 230,905</u>	<u>\$41,912</u>	<u>\$ 129,135</u>	<u>\$57,321</u>	<u>\$ 268,364</u>	<u>\$92,501</u>	<u>\$ 14,499,338</u>	<u>\$ -</u>	<u>\$ 3,120,460</u>	<u>\$ 207,853</u>	<u>\$ 827,628</u>	<u>\$ 4,155,941</u>	<u>\$ 18,655,279</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE A - SUMMARY OF 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 United States, assisting people who are blind, visually impaired and multi-disabled as a social service and rehabilitation agency through both community-oriented and nationwide activities.

The Chicago Lighthouse is well regarded nationally as a model agency for the wide range of programs provided to make a comprehensive, wrap-around menu of services that address an individual’s changing needs across a lifetime. These programs and activities include various vocational training opportunities; vision care, including clinical, rehabilitation and research services; adaptive technology education and training; employment opportunities in Lighthouse Industries, a manufacturing program within The Lighthouse, U.S. Government service contracts, The Lighthouse Communications Center and Lighthouse retail operations; early intervention, children, adult and seniors educational programs; the Illinois Instructional Materials Center; scholarship opportunities; legal services; radio reading services; a national technology help desk and a national Veterans Supply Administration program.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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 a 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.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable - Continued

Pledges receivable are classified as either collectible in one year or less or collectible in multiple years. Those receivables deemed collectible in one year or less are stated at their full face value. Those classified as multi-year pledges are stated at their net present value, using a risk-adjusted discount rate.

Inventories

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

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 respective funds based upon their relative interests in the investment pool.

The investment return on certain investments is included in total operating revenue.

Land, Building and Equipment

Land, building and equipment are carried at cost if purchased for \$500 or more. 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 three to forty years. Expenditures for the routine maintenance and repair of property and equipment are charged to operations as they are incurred.

Public Support, Revenues and Expenses

Lighthouse Industries sales 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.

Rehabilitation training courses fees and subsidies includes \$870,796 and \$778,650 in 2010 and 2009, respectively, of subsidy revenue received based on the fair value of programs supplies, books and materials received.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 \$177,959 and \$140,423 for the years ended June 30, 2010 and 2009, respectively.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are assets the use of which 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 accompanying statements of activities as additions to unrestricted net assets. Assets released from restrictions that are used for operating purposes are reported in the accompanying 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 temporarily restricted revenue and support.

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, with restrictions that 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 apply time restrictions expiring over the useful life of long-lived assets.

Fair Value Measurements

During 2009, The Lighthouse adopted recent accounting guidance related to fair value measurements. This guidance defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. It also maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements - Continued

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market. These include actively listed securities.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but which are traded less frequently and investments that are fairly valued using other securities, the parameters of which can be directly observed. The Lighthouse has not invested in any Level 2 investments.

Level 3 - Securities and trusts that have little to no observable pricing as of the report date. These instruments are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. These instruments primarily consist of beneficial interest in perpetual trusts. The inputs used by The Lighthouse in estimating the value of Level 3 instruments are the fair values of the assets held by the trusts.

Contributed Services and In-Kind Donations

Contributed services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and typically need to be purchased if not provided. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying financial statements. Total revenue from contributed services was \$66,529 and \$45,573 for the years ended June 30, 2010 and 2009, respectively, and was recorded for legal services received. In-kind donation revenue was \$63,562 and \$62,603 for the years ended in June 30, 2010 and 2009, respectively.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Advertising Expense

Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense was \$275,449 and \$218,740 for the years ended June 30, 2010 and 2009, respectively.

Reclassifications

Certain classifications from 2009 have been changed to conform to the 2010 presentation.

New Accounting Pronouncements

In 2009, the Financial Accounting Standards Board (“FASB”) approved the Accounting Standards Codification (“ASC”) as the single source of authoritative non-government United States Generally Accepted Accounting Principles (“US GAAP”). The ASC does not change current US GAAP, but is intended to simplify user access to all authoritative US GAAP by providing all the authoritative literature relating to a single topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the ASC will be considered non-authoritative. Adoption of the ASC by The Lighthouse did not have a significant impact on its financial statements.

NOTE B - INVESTMENTS

The following summary shows the assets held in the investment pool at June 30:

	<u>2010</u>	<u>2009</u>
Cash	\$ 1,625,984	\$ 3,897,226
Private investment funds	2,690,073	2,434,233
Common stocks and equity funds	11,324,368	10,973,252
Bonds and other debt instruments	<u>726,755</u>	<u>2,280,535</u>
	<u>\$16,367,180</u>	<u>\$19,585,246</u>

The investments include private investment funds that are listed and traded on a foreign exchange valued at \$2,690,073 (9.1% of net assets) and \$2,434,233 (8.0% of net assets) at June 30, 2010 and 2009, respectively.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE B - INVESTMENTS - Continued

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

	2010			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Investment income, dividends and interest	\$ 348,294	\$ 4,461	\$ -	\$ 352,755
Net realized (losses) gains	(472,965)	24,050	(692)	(449,607)
Net change in unrealized appreciation of long-term investments	<u>919,274</u>	<u>135,310</u>	<u>-</u>	<u>1,054,584</u>
	<u>\$ 794,603</u>	<u>\$ 163,821</u>	<u>\$ (692)</u>	<u>\$ 957,732</u>
	2009			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Investment income, dividends and interest	\$ 392,274	\$ 22,057	\$ -	\$ 414,331
Net realized losses	(1,252,556)	(81,673)	(1,811)	(1,336,040)
Net change in unrealized depreciation of long-term investments	<u>(6,216,719)</u>	<u>(413,888)</u>	<u>-</u>	<u>(6,630,607)</u>
	<u>\$(7,077,001)</u>	<u>\$(473,504)</u>	<u>\$(1,811)</u>	<u>\$(7,552,316)</u>

Investment return is presented in the accompanying statements of activities as follows:

	2010	2009
Included in other revenues		
Investment income, primarily interest	\$ 2,943	\$ 2,848
Included in non-operating items		
Investment income dividends and interest	349,812	411,483
Net realized losses	(449,607)	(1,336,040)
Net change in unrealized gains (losses)	<u>1,054,584</u>	<u>(6,630,607)</u>
	<u>\$ 957,732</u>	<u>\$(7,552,316)</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE C - LAND, BUILDING AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Land	\$ 131,872	\$ 131,872
Building	15,518,933	10,563,180
Leasehold improvements	36,821	-
Equipment	6,357,878	5,796,576
Construction-in-progress	<u>-</u>	<u>1,239,183</u>
	22,045,504	17,730,811
Less accumulated depreciation	<u>(11,700,496)</u>	<u>(10,848,042)</u>
Net land, building and equipment	<u>\$ 10,345,008</u>	<u>\$ 6,882,769</u>

NOTE D - 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:

	<u>2010</u>	<u>2009</u>
Building expansion	\$ 130,378	\$ 833,392
Associate Board designation for future years	61,269	65,216
Birth-to-Three/Homebound	415,882	268,526
Client emergency assistance	5,496	6,180
Program expansion and operations	1,600,810	1,551,840
Scholarship fund	76,357	109,647
Centennial Campaign	172,869	269,618
Purchase of fixed assets	117,283	35,960
Scholarship endowment	71,583	69,371
Instructional Materials Center	90,786	119,447
Pangere Center for Inherited Retinal Disease	96,000	-
Charitable gift annuities	<u>47,932</u>	<u>45,901</u>
	<u>\$2,886,645</u>	<u>\$3,375,098</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE D - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets include principal gifts of cash, the corpus of which is required by donor restriction to 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 consist of or are restricted for the support of the following:

	<u>2010</u>	<u>2009</u>
Beneficial interest in perpetual trusts	\$ 489,503	\$ -
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	<u>30,326</u>	<u>31,018</u>
	<u>\$1,926,551</u>	<u>\$1,437,740</u>

NOTE E - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Building expansion	\$ 765,560	\$ 348,160
Birth-to-Three/Homebound	274,148	252,300
Client emergency assistance	1,078	-
Program expansion and operations	247,089	178,403
Scholarship program	64,078	72,564
Centennial Campaign	154,221	362,683
Purchase of fixed assets	<u>119,447</u>	<u>18,559</u>
	<u>\$1,625,621</u>	<u>\$1,232,669</u>

NOTE F - ENDOWMENT NET ASSETS

In August 2008, the FASB issued guidance that addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). Effective June 30, 2009, Illinois enacted a version of UPMIFA. A key component of the new guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE F - ENDOWMENT NET ASSETS - Continued

Permanently restricted net assets are restricted as investments in perpetuity. The Lighthouse's endowment consists of various individual funds established for different purposes that all support the mission of The Lighthouse. The Lighthouse's endowment consists of \$2,612,528 in donor-restricted endowment funds and \$35,163 of Board-designated endowment funds at June 30, 2010, and \$2,527,927 in donor-restricted endowment funds and \$35,163 of Board-designated endowment funds at June 30, 2009. Net assets associated with The Lighthouse's endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Lighthouse accounts for endowment net assets by preserving the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, The Lighthouse classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, according to donor stipulations, until those amounts are appropriated for expenditure by The Lighthouse for the donor-stipulated purpose. The Lighthouse considers the following factors in making a determination either to appropriate or to accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of The Lighthouse's Board-designated and donor-restricted endowment funds.
3. General economic conditions.
4. The possible effects of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of The Lighthouse.
7. The investment policies of The Lighthouse.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires The Lighthouse to retain as a fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets. The Lighthouse did not have any of these deficiencies as of June 30, 2010 and 2009.

The Lighthouse has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. As of June 30, 2010 and 2009, endowment assets include those assets of donor-restricted funds that The Lighthouse must hold in perpetuity or for donor-specified periods and Board-designated (quasi) endowment funds.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE F - ENDOWMENT NET ASSETS - Continued

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide adequate liquidity, maximizing returns on all funds invested and achieving full employment of all available funds as earning assets. The Lighthouse has an active Investment Committee that meets regularly to ensure that the objectives of the investment policy are being met and that the strategies used to meet the objectives are in accordance with The Lighthouse's investment policy.

During 2010, The Lighthouse had the following endowment-related activities:

Endowment Net Asset Composition by Type of Fund
As of June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor endowment funds	\$ -	\$1,175,480	\$1,437,048	\$2,612,528
Board-designated funds	<u>35,163</u>	<u>-</u>	<u>-</u>	<u>35,163</u>
Total funds	<u>\$35,163</u>	<u>\$1,175,480</u>	<u>\$1,437,048</u>	<u>\$2,647,691</u>

Changes in Endowment Net Assets
For the Fiscal Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$35,163	\$1,090,187	\$1,437,740	\$2,563,090
Investment return				
Investment income	583	23,978	-	24,561
Net appreciation (depreciation), realized and unrealized	<u>-</u>	<u>85,293</u>	<u>(692)</u>	<u>84,601</u>
Total investment return	583	109,271	(692)	109,162
Appropriation of endowment assets for expenditure	<u>(583)</u>	<u>(23,978)</u>	<u>-</u>	<u>(24,561)</u>
Net assets, end of year	<u>\$35,163</u>	<u>\$1,175,480</u>	<u>\$1,437,048</u>	<u>\$2,647,691</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE F - ENDOWMENT NET ASSETS - Continued

Endowment Net Asset Composition by Type of Fund
As of June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor endowment funds	\$ -	\$1,090,187	\$1,437,740	\$2,527,927
Board-designated funds	<u>35,163</u>	<u>-</u>	<u>-</u>	<u>35,163</u>
Total funds	<u>\$35,163</u>	<u>\$1,090,187</u>	<u>\$1,437,740</u>	<u>\$2,563,090</u>

Changes in Endowment Net Assets
For the Fiscal Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Net assets, beginning of year	\$35,163	\$1,418,008	\$1,439,551	\$2,892,722
Investment return				
Investment income	651	27,795	-	28,446
Net depreciation, realized and unrealized	<u>-</u>	<u>(327,821)</u>	<u>(1,811)</u>	<u>(329,632)</u>
Total investment return	651	(300,026)	(1,811)	(301,186)
Appropriation of endowment assets for expenditure	<u>(651)</u>	<u>(27,795)</u>	<u>-</u>	<u>(28,446)</u>
Net assets, end of year	<u>\$35,163</u>	<u>\$1,090,187</u>	<u>\$1,437,740</u>	<u>\$2,563,090</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE G - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30 include the following:

	<u>2010</u>	<u>2009</u>
Unconditional promises to give due in		
Less than one year	\$667,105	\$ 877,524
One to five years	<u>290,317</u>	<u>281,755</u>
	957,422	1,159,279
Less		
Allowance for uncollectible accounts	(18,000)	(18,000)
Unamortized discount	<u>(33,622)</u>	<u>(36,889)</u>
Contributions receivable, net	<u>\$905,800</u>	<u>\$1,104,390</u>

As of June 30, 2010, discount rates ranged from 1.11% to 5.09%.

NOTE H - MAJOR CUSTOMER

Approximately 61% and 69% of The Lighthouse Industries sales during fiscal 2010 and 2009, respectively, were made to various federal government agencies.

NOTE I - 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 was equal to 1.65% and 5.00% for calendar years 2010 and 2009, respectively, 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 2010 and 2009 was \$201,671 and \$306,568, respectively.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE J - UNITED WAY OF METROPOLITAN CHICAGO PUBLIC SUPPORT

United Way provided support of \$97,498 and \$15,463 in fiscal 2010 and 2009, 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 \$450,592 and \$500,592 in fiscal 2010 and 2009, respectively, 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.

NOTE K - INCOME TAXES

The Lighthouse is a tax-exempt organization, as defined by Section 501(c)(3) of the Internal Revenue Code (the "IRC").

In July 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48") (now referred to as ASC 740-10-25-6, ("ASC 740")), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement 109," which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with the broader concepts previously outlined in ASC 740. The Lighthouse adopted ASC 740 as of July 1, 2009. ASC 740 clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Lighthouse is exempt from income tax under IRC Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purposes, unless that income is otherwise excluded by the IRC. The tax years ending 2007, 2008, and 2009 are still open to audit for both federal and state purposes. The adoption of ASC 740 did not have any impact on The Lighthouse's financial statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE L - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables summarize assets by fair value levels as of June 30:

	2010			Total
	Level 1	Level 2	Level 3	
Private investment funds	\$ 2,690,073	\$ -	\$ -	\$ 2,690,073
Common stocks and equity fund	11,324,368	-	-	11,324,368
Bonds and other debt instruments	726,755	-	-	726,755
Beneficial interests in perpetual trusts	-	-	489,503	489,503
	<u>\$14,741,196</u>	<u>\$ -</u>	<u>\$489,503</u>	<u>\$15,230,699</u>

	2009			Total
	Level 1	Level 2	Level 3	
Private investment funds	\$ 2,434,233	\$ -	\$ -	\$ 2,434,233
Common stocks and equity fund	10,973,352	-	-	10,973,352
Bonds and other debt instruments	2,280,535	-	-	2,280,535
	<u>\$15,688,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$15,688,120</u>

The following table summarizes the changes in fair values associated with Level 3 assets:

	Beneficial interests in perpetual trusts
Balance as of June 30, 2009	\$ -
Additions	447,911
Change in value	<u>41,592</u>
Balance as of June 30, 2010	<u>\$489,503</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE M - ALLOWANCE FOR DOUBTFUL ACCOUNTS

Changes in The Lighthouse's allowance for doubtful accounts related to Lighthouse Industries and Low Vision Services accounts receivable for the years ended June 30 are as follows:

	<u>2010</u>	<u>2009</u>
Accounts receivable allowance for doubtful accounts		
Beginning balance	\$ 50,000	\$ 40,000
Bad debt expense	39,356	58,966
Accounts written off	<u>(51,714)</u>	<u>(48,966)</u>
Ending balance	<u>\$ 37,642</u>	<u>\$ 50,000</u>

NOTE N - DEBT OBLIGATIONS - LINE OF CREDIT

During the year ended June 30, 2010, The Lighthouse entered a revolving line of credit with a bank, maturing on demand, to borrow up to an aggregate amount of \$1,000,000 during fiscal year 2010. The debt is secured by the investments of The Lighthouse. Interest is payable at the prime rate. During the year ended June 30, 2010, the Lighthouse drew on the line of credit in the amount of \$1,000,000. At June 30, 2010, the amount outstanding equaled \$1,000,000. The interest rate on this debt remained constant at 3% and interest expense incurred totaled \$11,738 for the year ended June 30, 2010.

NOTE O - PERPETUAL TRUSTS AND SPLIT-INTEREST AGREEMENTS

The Lighthouse is a beneficiary of two perpetual trusts administered by an independent organization. Under the terms of the trusts, The Lighthouse has irrevocable rights to receive portions of the income earned on the trust assets in perpetuity. Perpetual trusts are carried at fair value and are included in permanently restricted net assets. The Lighthouse's beneficial interest in the trusts, at fair value, totaled \$489,503 at June 30, 2010.

The Lighthouse also has charitable gift annuity arrangements in which donors have contributed assets to The Lighthouse in exchange for a promise to pay a fixed amount over the life of the donor or a beneficiary designated by the donor. Gift annuity obligations represent the present value of future cash flows expected to be paid by The Lighthouse to donors under these arrangements. Under the terms of the agreement, assets received are held by The Lighthouse, and the annuity obligation is a liability of The Lighthouse. Funds of \$200,654 and \$159,628 at June 30, 2010 and 2009, respectively, have been segregated in separate accounts, the use of which is limited to meeting the gift annuity obligations. The liability is \$96,806 and \$49,455 at June 30, 2010 and 2009, respectively.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE P - LEASE COMMITMENTS

The Lighthouse has operating leases, which include leases for warehouse space, building space and copiers.

Total rent expense amounted to \$42,383 and \$24,200 in 2010 and 2009, respectively.

Future minimum lease payments under these operating leases are as follows:

Year ending June 30,

2011	\$56,239
2012	50,312
2013	9,844
2014	5,506
2015	2,753

NOTE Q - CONCENTRATION OF CREDIT RISK

Certain financial instruments throughout the year subject The Lighthouse to credit risk. Those financial instruments consist primarily of cash, accounts receivable, investments and beneficial interest in perpetual trusts. The Lighthouse maintains its cash balance in financial institutions which at times may exceed federally insured limits. The Lighthouse has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. Concentration of credit risk in respect to receivables is limited due to the large number of accounts and low average cash balance. Concentration of credit risk in respect to the beneficial interest in perpetual trusts is limited through the diversification of trust assets. The Lighthouse's investment policy also stipulates appropriate diversification of investment balances.

NOTE R - RELATED PARTIES

Donations to The Lighthouse from members of the Board of Directors were \$127,562 and \$120,783 for the years ended June 30, 2010 and 2009, respectively. Pledges receivable from members of Board of Directors were \$40,500 and \$32,250 at June 30, 2010 and 2009, respectively.

Payments to members of The Lighthouse Board of Directors for services provided were \$19,000 and \$-0- for the years ended June 30, 2010 and 2009, respectively.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2010 and 2009

NOTE 5 - SUBSEQUENT EVENTS

The Lighthouse evaluated its June 30, 2010 financial statements for subsequent events through December 16, 2010, the date the financial statements were available to be issued. The Lighthouse is not aware of any subsequent events that would require recognition or disclosure in the financial statements with the exception of the following event:

In September 2010, The Lighthouse increased its revolving line of credit and its related debt obligation from \$1,000,000 to \$1,500,000.

SUPPLEMENTARY INFORMATION

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, 2010

	Total	Lighthouse Industries	Instructional Materials Center	Birth-to- Three/ Homebound	Child Development Center	Communications Center	Job Placement	Supported Employment	Seniors Computer	Elderly	Collections Training	Work Adjustment Training
Contributions	\$ 1,072,207	\$ 16,100	\$ 33,360	\$ 466,369	\$ 3,050	\$ 7,800	\$ 100,500	\$ -	\$ 25,000	\$ -	\$ -	\$ 10,306
United Way	97,497	16,466	-	-	-	-	6,883	-	-	-	-	19,066
Program revenue												
Workshop sales	4,701,221	4,701,221	-	-	-	-	-	-	-	-	-	-
Rehab training course fees and subsidies												
Department of Human Services	1,227,823	-	-	118,151	-	-	122,500	63,877	104,894	92,441	65,704	-
Title XX	450,592	76,096	-	-	-	-	31,808	-	-	-	-	88,117
Chicago Board of Education	1,069,436	-	-	-	1,069,436	-	-	-	-	-	-	-
Suburban school districts	359,611	-	-	-	359,611	-	-	-	-	-	-	-
American Printing House	870,795	805	814,005	517	35,817	-	-	-	2,225	-	470	-
Illinois State Board of Education	1,369,980	-	1,369,980	-	-	-	-	-	-	-	-	-
City of Chicago	82,043	-	-	-	-	68,043	-	14,000	-	-	-	-
Other	197,813	-	-	200	60,356	-	3,000	-	-	-	-	-
Total rehab training course fees and subsidies	5,628,093	76,901	2,183,985	118,868	1,525,220	68,043	157,308	77,877	107,119	92,441	66,174	88,117
Optical aid fees and sales	904,301	-	-	-	-	-	-	-	-	-	-	-
Research grants	68,148	-	-	-	-	-	-	-	-	-	-	-
Service contract revenue	687,879	292,634	-	-	-	-	-	-	-	-	-	-
Other income	150,991	-	797	-	-	-	-	-	-	-	-	-
Investment income	37,010	19,838	-	-	-	-	-	-	-	-	-	-
Total revenues	13,347,347	5,123,160	2,218,142	585,237	1,528,270	75,843	264,691	77,877	132,119	92,441	66,174	117,489
Program expenses	15,023,869	5,664,722	2,166,514	462,244	1,478,464	114,415	182,890	125,023	128,570	99,921	59,397	78,701
Program revenue (less than) in excess of program expenses	(1,676,522)	(541,562)	51,628	122,993	49,806	(38,572)	81,801	(47,146)	3,549	(7,480)	6,777	38,788
Allocated management and general expenses	2,818,757	673,789	150,106	160,887	391,927	46,270	68,069	45,871	41,289	18,543	19,346	27,134
Program revenue (less than) in excess of program expenses and allocated management and general expenses	(4,495,279)	(1,215,351)	(98,478)	(37,894)	(342,121)	(84,842)	13,732	(93,017)	(37,740)	(26,023)	(12,569)	11,654
Net assets released from restriction	705,841	-	119,447	274,148	-	19,530	18,750	18,750	25,000	-	-	-
Contributions restricted to future years	(718,366)	(7,200)	(90,786)	(358,504)	(1,055)	(7,800)	(75,000)	-	-	-	-	-
Net activity	<u>\$ (4,507,804)</u>	<u>\$ (1,222,551)</u>	<u>\$ (69,817)</u>	<u>\$ (122,250)</u>	<u>\$ (343,176)</u>	<u>\$ (73,112)</u>	<u>\$ (42,518)</u>	<u>\$ (74,267)</u>	<u>\$ (12,740)</u>	<u>\$ (26,023)</u>	<u>\$ (12,569)</u>	<u>\$ 11,654</u>

Office Skills	Vocational Evaluation	MOR Store	Social Services	Mobility	Government Service Contracts	Scholarship Program	Midway	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
\$ 55,000	\$ -	\$ -	\$ 394	\$ -	\$ -	\$ 31,389	\$ -	\$ 214,619	\$ 4,525	\$ 51,545	\$ 200	\$ 13,228	\$ -	\$ 16,284	\$ 250	\$ 7,288	\$ 15,000
-	-	-	-	-	-	-	-	-	-	-	-	24,472	-	17,126	-	13,484	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
136,500	71,400	-	-	43,859	-	-	-	-	-	-	354,418	-	-	-	-	54,079	-
-	-	-	-	-	-	-	-	-	-	-	-	113,102	-	79,151	-	62,318	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	625	-	-	-	-	-	-	10,216	-	-	-	-	-	1,201	-	4,914	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	11,175	-	-	-	-	-	68,599	-	-	54,483	-	-	-	-
136,500	72,025	-	-	55,034	-	-	-	10,216	-	68,599	354,418	113,102	54,483	80,352	-	121,311	-
-	-	-	-	-	-	-	-	904,301	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	68,148	-	-	-	-	-	-	-	-	-
-	-	-	-	-	395,245	-	-	-	-	-	-	-	-	-	-	-	-
-	-	45,340	-	-	-	-	77,353	25	-	13,401	4,254	-	-	4,805	-	5,016	-
3,319	-	-	-	-	-	(431)	-	14,423	-	39	-	-	-	(178)	-	-	-
194,819	72,025	45,340	394	55,034	395,245	30,958	77,353	1,211,732	4,525	133,584	358,872	150,802	54,483	118,389	250	147,099	15,000
191,999	157,627	247,623	1,078	80,083	329,848	65,891	81,540	1,732,685	72,450	277,440	437,228	218,114	40,336	138,676	38,754	258,484	93,152
2,820	(85,602)	(202,283)	(684)	(25,049)	65,397	(34,933)	(4,187)	(520,953)	(67,925)	(143,856)	(78,356)	(67,312)	14,147	(20,287)	(38,504)	(111,385)	(78,152)
64,871	56,706	69,589	-	30,586	140,396	-	23,070	300,481	30,346	76,605	142,245	68,795	12,905	42,836	14,240	68,402	33,453
(62,051)	(142,308)	(271,872)	(684)	(55,635)	(74,999)	(34,933)	(27,257)	(821,434)	(98,271)	(220,461)	(220,601)	(136,107)	1,242	(63,123)	(52,744)	(179,787)	(111,605)
-	-	-	1,078	-	-	64,078	-	17,531	-	55,000	-	-	-	2,000	53,029	18,750	18,750
(50,000)	-	-	(394)	-	-	(30,789)	-	(96,000)	-	-	-	-	-	(588)	(250)	-	-
<u>\$ (112,051)</u>	<u>\$ (142,308)</u>	<u>\$ (271,872)</u>	<u>\$ -</u>	<u>\$ (55,635)</u>	<u>\$ (74,999)</u>	<u>\$ (1,644)</u>	<u>\$ (27,257)</u>	<u>\$ (899,903)</u>	<u>\$ (98,271)</u>	<u>\$ (165,461)</u>	<u>\$ (220,601)</u>	<u>\$ (136,107)</u>	<u>\$ 1,242</u>	<u>\$ (61,711)</u>	<u>\$ 35</u>	<u>\$ (161,037)</u>	<u>\$ (92,855)</u>