

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

**The Chicago Lighthouse for People Who Are
Blind or Visually Impaired**

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

The Chicago Lighthouse for People Who Are Blind or
Visually Impaired and Chicago Lighthouse Industries

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of The Chicago Lighthouse for People Who Are Blind or Visually Impaired and Chicago Lighthouse Industries (nonprofit organizations) (the "Entity"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Chicago, Illinois
December 13, 2024

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 2,099,197	\$ 2,293,782
Accounts receivable		
Lighthouse Industries and Call Centers, net	4,910,888	4,231,080
Other, principally state agencies, net	1,853,242	1,152,566
Contributions, net	<u>4,807,509</u>	<u>6,731,172</u>
Accounts receivable, net	11,571,639	12,114,818
Accrued investment income	84,796	44,563
Inventories	685,923	872,669
Prepaid expenses	628,227	435,526
Operating leases right of use assets	258,251	-
Investments	25,038,278	20,513,036
Beneficial interest in perpetual trusts	649,549	597,372
Land, buildings and equipment, net	<u>7,721,952</u>	<u>8,331,911</u>
Total assets	<u><u>\$ 48,737,812</u></u>	<u><u>\$ 45,203,677</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 1,710,121	\$ 1,334,092
Accrued salaries and payroll taxes	1,386,700	1,761,926
Line of credit	1,000,000	1,000,000
Mortgage payable	3,691,208	3,768,707
Deferred revenue	554,635	125,381
Operating lease liabilities	258,251	-
Other accrued liabilities	<u>322,623</u>	<u>286,788</u>
Total liabilities	8,923,538	8,276,894
Net assets		
Without donor restrictions	27,731,246	24,240,750
With donor restrictions	<u>12,083,028</u>	<u>12,686,033</u>
Total net assets	<u>39,814,274</u>	<u>36,926,783</u>
Total liabilities and net assets	<u><u>\$ 48,737,812</u></u>	<u><u>\$ 45,203,677</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Public support			
Contributions of cash and other financial assets	\$ 1,154,435	\$ 1,540,571	\$ 2,695,006
United Way	1,780	-	1,780
Contributions of non-financial assets	1,290,333	-	1,290,333
Special events			
Special events revenue	1,133,726	25,250	1,158,976
Less cost of direct benefits to donors	(377,614)	-	(377,614)
Net revenues from special events	756,112	25,250	781,362
Total public support	3,202,660	1,565,821	4,768,481
Program revenues			
Call Center contracts	30,376,304	-	30,376,304
Lighthouse Industries sales	4,791,730	-	4,791,730
Rehabilitation training course fees and subsidies	5,669,947	-	5,669,947
Optical aid fees and sales	945,265	-	945,265
Government and other service contracts	1,335,235	-	1,335,235
Miscellaneous revenues	812,988	-	812,988
Total program revenues	43,931,469	-	43,931,469
Total public support and program revenues	47,134,129	1,565,821	48,699,950
Net assets released from restrictions	3,296,927	(3,296,927)	-
Total operating revenues	50,431,056	(1,731,106)	48,699,950
Expenses			
Program services	40,454,758	-	40,454,758
Supporting services	10,579,855	-	10,579,855
Total expenses	51,034,613	-	51,034,613
Surplus (deficiency) of operating revenues over operating expenses	(603,557)	(1,731,106)	(2,334,663)
Non-operating items			
Legacies and bequests	1,613,004	847,939	2,460,943
Contributions for long-term investment purposes	117,180	-	117,180
Investment return, net	2,363,869	234,492	2,598,361
Change in value of split interest agreements	-	45,670	45,670
Total non-operating items	4,094,053	1,128,101	5,222,154
CHANGE IN NET ASSETS	3,490,496	(603,005)	2,887,491
Net assets, at beginning of year	24,240,750	12,686,033	36,926,783
Net assets, at end of year	\$ 27,731,246	\$ 12,083,028	\$ 39,814,274

The accompanying notes are an integral part of these consolidated financial statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Public support			
Contributions of cash and other financial assets	\$ 1,194,253	\$ 1,045,325	\$ 2,239,578
United Way	300	2,686	2,986
Contributions of non-financial assets	1,224,658	-	1,224,658
Special events			
Special events revenue	896,989	-	896,989
Less cost of direct benefits to donors	(344,663)	-	(344,663)
Net revenues from special events	552,326	-	552,326
Total public support	2,971,537	1,048,011	4,019,548
Program revenues			
Call Center contracts	24,374,135	-	24,374,135
Lighthouse Industries sales	4,314,507	-	4,314,507
Rehabilitation training course fees and subsidies	5,009,148	-	5,009,148
Optical aid fees and sales	1,162,881	-	1,162,881
Government and other service contracts	1,265,361	-	1,265,361
Miscellaneous revenues	524,241	-	524,241
Total program revenues	36,650,273	-	36,650,273
Total public support and program revenues	39,621,810	1,048,011	40,669,821
Net assets released from restrictions	3,969,150	(3,969,150)	-
Total operating revenues	43,590,960	(2,921,139)	40,669,821
Expenses			
Program services	37,376,329	-	37,376,329
Supporting services	8,662,243	-	8,662,243
Total expenses	46,038,572	-	46,038,572
Surplus (deficiency) of operating revenues over operating expenses	(2,447,612)	(2,921,139)	(5,368,751)
Non-operating items			
Legacies and bequests	4,878,590	-	4,878,590
Contributions for long-term investment purposes	305,261	-	305,261
Investment return, net	1,267,812	151,046	1,418,858
Change in value of split interest agreements	-	29,796	29,796
Total non-operating items	6,451,663	180,842	6,632,505
CHANGE IN NET ASSETS	4,004,051	(2,740,297)	1,263,754
Net assets, at beginning of year	20,236,699	15,426,330	35,663,029
Net assets, at end of year	\$ 24,240,750	\$ 12,686,033	\$ 36,926,783

The accompanying notes are an integral part of these consolidated financial statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,887,491	\$ 1,263,754
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(1,175,625)	(890,322)
Net change in value of split interest agreements	(45,670)	(29,796)
Gain on disposal of capital assets	-	(3,500)
Contributions restricted for long-term investment	(117,180)	(305,261)
Depreciation and amortization	1,005,258	1,493,122
Bad debt provision	119,902	106,943
Changes in operating assets and liabilities:		
Accounts receivable	423,277	1,048,362
Accrued investment income	40,233	(16,189)
Inventories	186,746	(72,998)
Prepaid expenses	(192,701)	(277,873)
Accounts payable	376,029	307,662
Accrued salaries and payroll taxes	375,226	417,982
Deferred revenue	429,254	82,058
Other accrued liabilities	35,835	(173,669)
Net cash provided by operating activities	<u>4,348,075</u>	<u>2,950,275</u>
Cash flows from investing activities:		
Purchases of investments	(9,823,833)	(9,288,765)
Sale of investments	5,636,791	6,005,599
Additions to land, buildings and equipment	(395,299)	(608,973)
Proceeds from disposal of capital assets	<u>-</u>	<u>3,500</u>
Net cash used in investing activities	<u>(4,582,341)</u>	<u>(3,888,639)</u>
Cash flows from financing activities:		
Proceeds from line of credit	900,000	2,200,000
Payments made on line of credit	(900,000)	(1,500,000)
Proceeds from contributions restricted for long-term investment	117,180	305,261
Payments made on mortgage	<u>(77,499)</u>	<u>(101,181)</u>
Net cash provided by financing activities	<u>39,681</u>	<u>904,080</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(194,585)</u>	<u>(34,284)</u>
Cash and cash equivalents, beginning of year	<u>2,293,782</u>	<u>2,328,066</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,099,197</u></u>	<u><u>\$ 2,293,782</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><u>\$ 316,829</u></u>	<u><u>\$ 270,269</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2024

	Program Services											Supporting Services						Total
	Lighthouse Industries	Instructional Materials Center	Vision Rehabilitation & Research	Child Development Center	Other Children & Youth Programs	Government & Other Service Contracts	Adult Vocational, Rehab and Independent Living	Lighthouse North	Other Programs & Services	Call Center/ Customer Service Industries	Total	Building and Maintenance	General Administration	Public Relations	Fund-raising	Total		
Employee salaries	\$ 468,630	\$ 173,830	\$ 1,171,145	\$ 757,840	\$ 394,332	\$ 181,570	\$ 906,992	\$ 79,602	\$ 51,180	\$ 1,805,104	\$ 5,990,225	\$ 237,604	\$ 3,119,960	\$ 312,388	\$ 1,006,106	\$ 4,676,058	\$ 10,666,283	
Employee benefits	100,972	35,272	227,452	154,750	80,275	36,972	183,549	16,002	10,460	391,011	1,236,715	45,542	535,477	63,611	197,651	842,281	2,078,996	
Total employee salaries and benefits	569,602	209,102	1,398,597	912,590	474,607	218,542	1,090,541	95,604	61,640	2,196,115	7,226,940	283,146	3,655,437	375,999	1,203,757	5,518,339	12,745,279	
Production wages	798,634	144,365	245,620	548,960	56,668	669,842	194,266	16,031	-	17,116,074	19,790,460	354,312	470,778	6,286	-	831,376	20,621,836	
Production-related benefits	153,198	29,430	49,157	105,642	11,341	131,759	36,138	3,213	3	3,242,482	3,762,363	68,205	87,576	1,283	6	157,070	3,919,433	
Total production payments and benefits	951,832	173,795	294,777	654,602	68,009	801,601	230,404	19,244	3	20,358,556	23,552,823	422,517	558,354	7,569	6	988,446	24,541,269	
Total salaries and related benefits	1,521,434	382,897	1,693,374	1,567,192	542,616	1,020,143	1,320,945	114,848	61,643	22,554,671	30,779,763	705,663	4,213,791	383,568	1,203,763	6,506,785	37,286,548	
Professional and contract services	78,959	155	331,091	242,202	18,593	32,321	43,208	-	45,770	478,708	1,271,007	33,901	1,107,671	45,622	191,670	1,378,864	2,649,871	
Temporary labor	-	-	26,966	-	-	52,234	-	7,027	-	562,462	648,689	-	9,201	-	-	9,201	657,890	
Supplies	10,975	486,448	12,095	7,896	655	13,029	32,021	3,146	9,259	31,428	606,952	72,997	110,865	1,428	1,466	186,756	793,708	
Advertising	4,875	-	2,052	-	-	-	-	-	-	50,477	57,404	-	7,000	1,360	3,597	11,957	69,361	
Telephone	1,949	-	1,339	-	1,015	810	1,416	8,857	-	458,970	474,356	616	211,672	-	2,657	214,945	689,301	
Postage, freight and direct mail	205,773	16,024	17,513	54	87	149	509	422	8	53,622	294,161	1,043	12,972	2,127	11,468	27,610	321,771	
Equipment rental and maintenance	8,420	4,847	7,090	5,244	-	-	-	3,120	-	11,776	40,497	-	34,214	-	4,101	38,315	78,812	
Utilities	-	-	-	-	-	-	-	12,649	-	-	12,649	233,610	28,377	-	-	261,987	274,636	
Building repairs and maintenance	-	-	-	5,061	-	-	-	20,352	-	-	25,413	273,177	600	-	-	273,777	299,190	
Property and liability insurance	-	-	4,101	-	-	-	-	-	-	45,000	49,101	-	286,805	-	-	286,805	335,906	
Printing	-	-	9,222	92	605	-	963	-	-	575	11,457	-	1,785	11,941	40,993	54,719	66,176	
Conference, meetings and major trips	7,919	2,589	19,477	397	9,404	823	15,584	97	-	7,444	63,734	-	28,763	40	1,471	30,274	94,008	
Memberships	-	-	404	200	-	-	500	350	300	3,575	5,329	-	17,514	-	-	17,514	22,843	
Client assistance	-	-	92	25,747	37,408	-	32,944	-	-	-	96,191	-	25	-	-	25	96,216	
Cost of materials	2,510,077	1,030,643	436,322	22,173	24,888	31	78,537	-	-	-	4,102,671	-	983	-	-	983	4,103,654	
Property rental	-	-	5,925	-	-	-	-	-	-	-	5,925	98,534	4,125	-	-	102,659	108,584	
Commissions	244,717	-	795	-	-	23,634	-	-	-	-	269,146	-	-	-	-	269,146	-	
Information technology	6,492	9,455	11,425	-	-	-	11,863	-	3,806	222,486	265,527	-	275,706	21,047	30,051	326,804	592,331	
Pass-through expense	-	-	-	-	-	-	-	-	-	(11,693)	(11,693)	-	(33)	-	-	(33)	(11,726)	
Employee management and payroll processing	207	-	-	-	-	-	-	-	-	-	207	-	357,264	-	-	357,264	357,471	
Other	26,232	(1,221)	104,659	2,641	2,033	18	13,049	7,228	757	12,441	167,837	38,767	182,166	30,013	134,923	385,869	553,706	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	319,952	-	-	319,952	319,952	
Distribution of building repairs and maintenance	300,024	108,979	93,941	169,348	1,355	172	80,311	-	18,459	194,307	966,896	(1,428,338)	408,716	11,146	41,580	(966,896)	-	
Total expenses before depreciation and amortization	4,928,053	2,040,816	2,777,883	2,048,247	638,659	1,143,364	1,631,850	178,096	140,002	24,676,249	40,203,219	29,970	7,620,134	508,292	1,667,740	9,826,136	50,029,355	
Depreciation and amortization	24,123	123	54,223	43,358	-	-	-	45,983	1,926	81,803	251,539	603,867	147,473	-	2,379	753,719	1,005,258	
Total expenses	\$ 4,952,176	\$ 2,040,939	\$ 2,832,106	\$ 2,091,605	\$ 638,659	\$ 1,143,364	\$ 1,631,850	\$ 224,079	\$ 141,928	\$ 24,758,052	\$ 40,454,758	\$ 633,837	\$ 7,767,607	\$ 508,292	\$ 1,670,119	\$ 10,579,855	\$ 51,034,613	

The accompanying notes are an integral part of this consolidated financial statement.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	Program Services											Supporting Services					
	Lighthouse Industries	Instructional Materials Center	Vision Rehabilitation & Research	Child Development Center	Other Children & Youth Programs	Government & Other Service Contracts	Adult Vocational, Rehab and Independent Living	Lighthouse North	Other Programs & Services	Call Center/ Customer Service Industries	Total	Building and Maintenance	General Administration	Public Relations	Fund-raising	Total	Total
Employee salaries	\$ 406,660	\$ 190,054	\$ 1,163,404	\$ 650,075	\$ 293,333	\$ 143,820	\$ 795,059	\$ 76,293	\$ 59,095	\$ 2,151,848	\$ 5,929,641	\$ 208,946	\$ 2,753,334	\$ 256,795	\$ 822,549	\$ 4,041,624	\$ 9,971,265
Employee benefits	103,068	38,604	233,384	139,455	58,741	43,604	163,190	16,747	11,202	747,058	1,555,053	49,118	508,142	54,605	159,595	771,460	2,326,513
Total employee salaries and benefits	509,728	228,658	1,396,788	789,530	352,074	187,424	958,249	93,040	70,297	2,898,906	7,484,694	258,064	3,261,476	311,400	982,144	4,813,084	12,297,778
Production wages	998,353	101,227	221,208	467,546	60,524	632,515	117,332	27,469	-	14,048,540	16,674,714	289,466	326,648	66,230	36,257	718,601	17,393,315
Production-related benefits	170,868	19,866	39,979	86,801	14,643	111,228	21,303	4,801	572	2,412,450	2,882,511	49,366	56,745	11,327	3,472	120,910	3,003,421
Total production payments and benefits	1,169,221	121,093	261,187	554,347	75,167	743,743	138,635	32,270	572	16,460,990	19,557,225	338,832	383,393	77,557	39,729	839,511	20,396,736
Total salaries and related benefits	1,678,949	349,751	1,657,975	1,343,877	427,241	931,167	1,096,884	125,310	70,869	19,359,896	27,041,919	596,896	3,644,869	388,957	1,021,873	5,652,595	32,694,514
Professional and contract services	512	3,282	231,461	231,692	5,566	4,913	48,831	75	-	704,312	1,230,644	233	892,088	1,765	125,251	1,019,337	2,249,981
Temporary labor	-	46,112	-	-	-	25,879	-	-	-	140,802	212,793	-	184,300	-	-	184,300	397,093
Supplies	22,716	1,851,778	11,481	6,497	1,438	12,994	24,470	2,841	1,041	24,830	1,960,086	73,201	147,366	612	(491)	220,688	2,180,774
Advertising	-	-	-	-	-	-	-	-	-	2,451	7,000	-	410	410	42,580	49,990	52,441
Telephone	-	14	1,101	-	883	2,251	412	20,773	-	415,776	441,210	550	245,025	-	541	246,116	687,326
Postage, freight and direct mail	171,076	18,382	14,372	531	26	-	371	398	-	59,377	264,533	1,135	10,896	54	21,023	33,108	297,641
Equipment rental and maintenance	7,815	3,465	6,490	3,645	-	-	300	2,475	-	16,980	41,170	1,047	38,223	-	5,281	44,551	85,721
Utilities	-	-	-	-	-	-	-	11,836	-	-	11,836	219,975	21,120	-	-	241,095	252,931
Building repairs and maintenance	-	-	-	-	-	-	-	31,416	-	-	31,416	281,809	7,835	-	-	289,644	321,060
Property and liability insurance	-	-	4,050	-	-	-	-	-	-	45,815	49,865	-	312,603	-	384	312,987	362,852
Printing	-	-	10,140	-	658	-	1,501	30	-	959	13,288	-	6,285	23,111	51,303	80,699	93,987
Conference, meetings and major trips	-	369	10,142	-	7,628	479	8,882	15	-	25,859	53,374	-	22,931	49	641	23,621	76,995
Memberships	-	-	794	400	-	-	-	345	274	4,808	6,621	129	12,272	-	-	12,401	19,022
Client assistance	-	-	62	15,874	33,736	-	27,251	-	-	-	76,923	-	200	-	-	200	77,123
Cost of materials	1,702,471	-	494,569	5,143	10,596	-	17,696	-	-	-	2,230,475	-	3,804	-	125	3,929	2,234,404
Property rental	-	-	5,918	-	-	-	-	-	-	-	5,918	-	108,729	-	-	108,729	114,647
Commissions	217,874	-	-	-	-	24,101	-	-	-	-	241,975	-	-	-	-	-	241,975
Information technology	2,476	12,606	36,754	-	-	1,280	27,681	-	2,414	147,416	230,627	-	246,032	3,602	31,820	281,454	512,081
Pass-through expense	-	-	-	-	-	-	-	-	-	370,904	370,904	-	31	-	-	31	370,935
Employee management and payroll processing	-	-	-	-	-	-	-	-	-	-	-	-	322,707	-	-	322,707	322,707
Other	15,609	(763)	137,761	13,759	3,644	253	11,769	651	-	16,356	199,039	14,562	279,792	14,312	86,069	394,735	593,774
Interest	-	-	-	-	-	-	-	-	-	-	-	-	305,466	-	-	305,466	305,466
Distribution of building repairs and maintenance	193,497	20,238	80,951	80,952	28,333	86,567	56,667	-	4,048	1,828,728	2,379,981	(2,379,981)	-	-	-	(2,379,981)	-
Total expenses before depreciation and amortization	4,012,995	2,305,234	2,704,021	1,702,370	519,749	1,089,884	1,322,715	196,165	78,646	23,165,269	37,097,048	(1,190,444)	6,819,574	432,872	1,386,400	7,448,402	44,545,450
Depreciation and amortization	25,814	1,382	40,076	34,669	899	1,428	591	59,578	2,108	112,736	279,281	1,190,444	19,469	-	3,928	1,213,841	1,493,122
Total expenses	\$ 4,038,809	\$ 2,306,616	\$ 2,744,097	\$ 1,737,039	\$ 520,648	\$ 1,091,312	\$ 1,323,306	\$ 255,743	\$ 80,754	\$ 23,278,005	\$ 37,376,329	\$ -	\$ 6,839,043	\$ 432,872	\$ 1,390,328	\$ 8,662,243	\$ 46,038,572

The accompanying notes are an integral part of this consolidated financial statement.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Chicago Lighthouse for People Who Are Blind or Visually Impaired and Chicago Lighthouse Industries (collectively, The Lighthouse), Illinois not-for-profit corporations, offer programs and services throughout the Chicago metropolitan area, the state of Illinois and the United States, assisting people who are blind, visually impaired, disabled or Veterans as a social service and rehabilitation agency through both community-oriented and nationwide activities. Chicago Lighthouse Industries, a separate not-for-profit corporation with The Chicago Lighthouse for People Who Are Blind or Visually Impaired as its sole member, operates The Lighthouse Industries, Government Service Contracts and Contract Management Services Programs.

The Lighthouse offers a wide range of programs and 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 in customer care centers, 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; and a national technology help desk. Chicago Lighthouse Industries provides employment opportunities in its manufacturing program and in its U.S. government service contracts for individuals who are legally blind.

Principles of Consolidation

The consolidated financial statements of The Lighthouse include The Chicago Lighthouse for People Who are Blind or Visually Impaired and Chicago Lighthouse Industries. Significant intercompany balances and transactions between these entities were eliminated upon consolidation.

Basis of Accounting

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net Assets Without Donor Restrictions

Net assets without donor restrictions include all net assets not subject to donor-imposed stipulations. Contributions without donor restrictions, interest income and net assets released from donor restrictions are reflected in this category.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent contributions subject to donor-imposed restrictions. Donor restrictions are either temporary in nature, stipulating that resources be used for specific purposes or to a specific time period for use, or restricted to be held in perpetuity.

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.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Accounts Receivable

The Lighthouse evaluates 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 and forecasted information. Accounts receivable are charged to the allowance for credit losses when they are deemed uncollectible. The Lighthouse does not require collateral.

Contributions 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 contributions receivable 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 common stocks, equity fund securities with readily determinable fair values, and investments in debt securities are reported at fair value.

Fair Value Measurements

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 common stock and equity funds.
- 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 instruments 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. Level 2 instruments include bonds and other debt instruments.
- 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 consist of beneficial interest in perpetual trusts.

Leases

The Lighthouse has operating lease agreements for office space, office equipment and an employee parking lot expiring in various years through 2028. Office equipment leases are mostly for copier leases which have a 5 year lease period with no option to renew. Office space leases are for remote low vision clinic sites and typically have a one year lease. The Lighthouse currently has a 3 year lease with the Illinois Medical District to rent space for their employee parking lot. The parking lot lease expires in November of 2024.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

In most cases, the Lighthouse is required to make additional payments under facility operating leases for taxes, insurance and other operating expenses incurred during the operating lease period. The Lighthouse determines if a contract contains a lease when the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Upon such identification and commencement of a lease, the Lighthouse establishes a right-of-use ("ROU") asset and a lease liability in the consolidated statements of financial position.

A lease component is defined as an asset within the lease contract that a lessee can benefit from the use of and is not highly dependent or interrelated with other assets in the arrangement. A lease contract may contain multiple lease components. A non-lease component is defined as a component of the lease that transfers a good or service for the underlying asset, such as maintenance services. The Lighthouse has determined that all of its leases are operating leases.

The lease liability represents future lease payments for lease and non-lease components discounted for present value. Lease payments that may be included in the lease liability include fixed payments, variable lease payments that are based on an index or rate and payments for penalties for terminating the lease if the lessee is reasonably certain to use a termination option, among others. Certain leases contain rent escalation clauses that are specifically stated in the lease and these are included in the calculation of the lease liability. Variable lease payments for lease and non-lease components which are not based on an index or rate are excluded from the calculation of the lease liability and are recognized in the consolidated statements of activities during the period incurred.

The ROU asset consists of the amount of the initial measurement of the lease liability and adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the lessee. The ROU asset is amortized over the remaining lease term on a straight-line basis.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusted for any renewal options that the Lighthouse is reasonably certain to exercise as well as any period of time that the lessee has control of the space before the stated initial term of the lease.

The Lighthouse uses discount rates to determine the net present value of gross lease obligations when calculating the lease liability and related ROU asset. In cases in which the rate implicit in the lease is readily determinable, that discount rate is used for purposes of the net present value calculation. In most cases, lease agreements do not have a discount rate that is readily determinable and therefore the Lighthouse has elected to use a risk-free rate by class of underlying asset. The risk-free rate is determined at lease commencement or lease modification and the duration of the lease.

Land, Building and Equipment

Land, building and equipment are carried at cost if purchased for \$2,500 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 40 years. Expenditures for the routine maintenance and repair of property and equipment are charged to operations as they are incurred.

Revenue Recognition

The Lighthouse recognizes revenue from different sources including contributions, sale of goods, sale of services, exam and rehabilitation fees, and government and non-government grants. Revenue is recorded based on the accrual basis of accounting.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Revenue from contributions is recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest are received. These include contributions from individuals, bequests, sponsorships, corporate and foundation giving, fundraising events, and in-kind donations. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. For the years ended June 30, 2024 and 2023, contributions of \$4,768,481 and \$3,303,183, respectively, have been recognized.

Sales of goods are made through Lighthouse Industries for products manufactured, as well as through the Tools for Living store operated by The Chicago Lighthouse. Revenue is recognized when goods are shipped or picked up by the customer, and the transaction prices are fixed according to price lists. Total sales of goods for the years ended June 30, 2024 and 2023 were \$5,137,262 and \$4,753,127, respectively.

Sales of services include call center contracts, digital accessibility consulting, contracts for janitorial services and contract close out services. Revenue is recognized in the period the service was performed at a transaction price that is fixed per unit according to a contract with the customer. Total sales of services for the years ended June 30, 2024 and 2023 were \$32,374,537 and \$26,041,195, respectively.

Low-vision exams and rehabilitation services are provided to clients and billed at a fixed price per client or on a sliding scale. Revenue is recognized at the time of service when an appointment is completed. Total fees related to low-vision exams and rehabilitation services for the years ended June 30, 2024 and 2023 were \$3,439,203 and \$2,815,261, respectively.

A portion of The Lighthouse's revenue is derived from cost-reimbursable grants to carry out the programs of the agency. Grant revenue is recognized when received or promised, unless conditions stipulated by the granting agency are included, in which case they are recognized when those conditions are satisfied. Total grant revenue recognized for the years ended June 30, 2024 and 2023 was \$2,830,440 and \$2,918,149, respectively. Cost reimbursement grant awards of \$938,605 and \$796,637 have not been recognized at June 30, 2024 and 2023, respectively, because qualifying expenditures have not yet been incurred.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported as with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated 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 net assets without donor restrictions. In the absence of donor-imposed restrictions on the use of the assets, gifts of long-lived assets are reported as support without donor restrictions.

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 that do not meet the above criteria are not recognized as revenue and are not reported in the accompanying consolidated financial statements.

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 \$321,771 and \$297,641 for the years ended June 30, 2024 and 2023, respectively.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Advertising Expense

Advertising expense is recorded in the period in which the advertising first takes place. Advertising expense was \$69,361 and \$52,441 for the years ended June 30, 2024 and 2023, respectively.

Functional Expense Allocation

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of The Lighthouse. Those expenses include occupancy, depreciation, and general administration costs. Occupancy and depreciation expenses are allocated based on square footage usage by program. General administration expenses are allocated based on wages expensed per program.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts previously reported in the 2023 financial statements have been reclassified to conform to the 2024 presentation. The reclassifications did not affect net assets or changes in net assets for the year ended June 30, 2023.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statements of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the ROU asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the ROU asset. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the effective date of ASU No. 2016-02 by one year. The Lighthouse adopted ASU No. 2016-02 for fiscal year 2024 and determined that there was no material impact to The Lighthouse's financial condition, disclosures, and results from operations.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The Lighthouse adopted ASU 2016-13 for the fiscal year ended June 30, 2024. The implementation did not have a significant impact on The Lighthouse's consolidated financial statements.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - INVESTMENTS

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 916,991	\$ 1,950,229
Common stocks and equity funds	17,018,461	12,742,235
Bonds and other debt instruments	<u>7,102,826</u>	<u>5,820,572</u>
	<u>\$ 25,038,278</u>	<u>\$ 20,513,036</u>

NOTE C - LAND, BUILDING AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Land	\$ 321,993	\$ 321,993
Buildings	23,194,852	22,854,154
Equipment and furniture	<u>11,183,734</u>	<u>11,129,133</u>
	34,700,579	34,305,280
Less: accumulated depreciation and amortization	<u>(26,978,627)</u>	<u>(25,973,369)</u>
Net land, buildings and equipment	<u>\$ 7,721,952</u>	<u>\$ 8,331,911</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions include gifts of cash, grants and other assets for which donor-imposed restrictions have not been met. Net assets with donor restrictions 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. Net assets with donor restrictions as of June 30 are available for the following purposes:

	<u>2024</u>	<u>2023</u>
Time/purpose restricted:		
Pledges receivable (time-restricted)	\$ 4,455,000	\$ 6,000,000
Associate Board funds for future years	67,237	85,327
Birth-to-Three/Homebound	435,200	386,593
Charitable gift annuities	155,035	136,821
Client emergency assistance	8,750	8,750
Endowment campaign	1,810	1,809
Lighthouse North	355,025	362,841
Program expansion and operations	3,795,045	2,990,229
Purchase of fixed assets	36,455	36,455
Scholarship endowment	171,643	142,557
Scholarship fund	<u>545,557</u>	<u>530,557</u>
Total time/purpose restricted	10,026,757	10,681,939
Held in perpetuity:		
Beneficial interest in perpetual trusts	649,549	597,372
Education of a person who is blind	200,000	200,000
Ongoing agency operations	706,722	706,722
Senior low vision care	<u>500,000</u>	<u>500,000</u>
Total held in perpetuity	<u>2,056,271</u>	<u>2,004,094</u>
Total net assets with donor restrictions	<u><u>\$ 12,083,028</u></u>	<u><u>\$ 12,686,033</u></u>

Endowment campaign noted above relates to contributions received for long-term purposes, but not included in the endowment disclosed in Note F.

Board designated net assets consists of endowments that are related to future needs of the Lighthouse and are disclosed in Note F.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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:

	2024	2023
Birth-to-Three/Homebound	\$ 314,210	\$ 315,396
Associate Board	85,327	25,827
Pledges receivable (time-restricted)	2,000,000	2,000,000
Program expansion and operations	877,390	1,602,725
Scholarship program	20,000	25,202
	<u>\$ 3,296,927</u>	<u>\$ 3,969,150</u>

NOTE F - ENDOWMENT NET ASSETS

Net assets with donor restrictions includes amounts 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 donor-restricted endowment funds and board-designated endowment funds. 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 net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 net assets without donor restrictions. The Lighthouse did not have any of these deficiencies as of June 30, 2024 and 2023.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

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, 2024 and 2023, 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.

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 Finance 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 2024 and 2023, The Lighthouse had the following endowment-related balances and activities:

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restriction	With Donor Restriction	Total
Donor endowment funds	\$ -	\$ 3,156,097	\$ 3,156,097
Board-designated funds	9,927,741	-	9,927,741
Total funds	<u>\$ 9,927,741</u>	<u>\$ 3,156,097</u>	<u>\$ 13,083,838</u>

Endowment net asset composition by type of fund as of June 30, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Donor endowment funds	\$ -	\$ 3,035,582	\$ 3,035,582
Board-designated funds	7,623,224	-	7,623,224
Total funds	<u>\$ 7,623,224</u>	<u>\$ 3,035,582</u>	<u>\$ 10,658,806</u>

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restriction	With Donor Restriction	Total
Net assets, beginning of year	\$ 7,623,224	\$ 3,035,582	\$ 10,658,806
Investment return, net	1,172	195,201	196,373
Contributions	2,304,517	-	2,304,517
Appropriation of endowment assets for expenditure	(1,172)	(74,686)	(75,858)
Net assets, end of year	<u>\$ 9,927,741</u>	<u>\$ 3,156,097</u>	<u>\$ 13,083,838</u>

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Net assets, beginning of year	\$ 4,249,290	\$ 2,973,500	\$ 7,222,790
Investment return, net	1,134	132,363	133,497
Contributions	3,373,934	-	3,373,934
Appropriation of endowment assets for expenditure	(1,134)	(70,281)	(71,415)
Net assets, end of year	<u>\$ 7,623,224</u>	<u>\$ 3,035,582</u>	<u>\$ 10,658,806</u>

NOTE G - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, included the following:

	2024	2023
Unconditional promises to give due in		
Less than one year	\$ 2,555,809	\$ 2,617,472
One to five years	2,300,000	4,170,000
	4,855,809	6,787,472
Less		
Allowance for uncollectible accounts	(47,000)	(55,000)
Unamortized discount	(1,300)	(1,300)
Contributions receivable, net	<u>\$ 4,807,509</u>	<u>\$ 6,731,172</u>

Discount rate was 5% for the years ended June 30, 2024 and 2023.

NOTE H - CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, 2024 and 2023, contributed nonfinancial assets recognized within the consolidated statements of activities consisted of the following:

	2024	2023	Utilizations	Donor Restrictions	Valuation Techniques and Inputs
Clothing, household goods and supplies, food, beverages, low vision devices, raffle and auction items, books	\$ 1,261,931	\$ 1,208,260	Distributed and/or utilized in program services or otherwise monetized	No associated donor restrictions	Estimates of retail values that would be received for selling similar products in the United States or based upon values provided by third parties
Services	28,402	16,398	Recorded as part of the program or supporting service benefited	No associated donor restrictions	Based on current rates for similar services
	<u>\$ 1,290,333</u>	<u>\$ 1,224,658</u>			

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE I - MAJOR CUSTOMERS

The Lighthouse has entered into agreements with various governmental entities to provide services. The percentages of total revenue and receivables from those entities with significant concentrations are as follows for the years ended and as of June 30:

	2024		2023	
	Revenue	Receivable	Revenue	Receivable
The Illinois State Toll Highway Authority	26%	14%	26%	9%
University of Illinois Health Systems	16%	10%	20%	10%

NOTE J - EMPLOYEE BENEFIT PLAN

Prior to July 25, 2022 all employees and employed production workers who had completed one year of service and are 21 years of age were eligible to participate in The Chicago Lighthouse Modified Defined Contribution Plan. The Lighthouse's contribution to this plan was equal to 1.65% of the total compensation of eligible employees who complete at least 500 hours and eligible employed Industries production workers who complete at least one hour of service (as defined) during the plan year. Total plan expense in relation to this in 2024 and 2023 was \$0 and \$165,117, respectively.

Effective July 25, 2022, the plan document was modified and all regular, non-temporary employees of The Chicago Lighthouse For People Who Are Blind or Visually Impaired and of Chicago Lighthouse Industries who are at least 21 years of age are eligible to participate in the Chicago Lighthouse Modified Defined Contribution Plan on the first of the month following 30 days of employment. The employer provides a matching contribution up to 4% (100% of the first 3% and 50% of the next 2%) of eligible compensation to those employees who elect to contribute to the plan. Total plan expense for fiscal year 2024 in relation to the modification of the plan was \$973,830 in employer match.

NOTE K - INCOME TAXES

The Chicago Lighthouse for People Who Are Blind or Visually Impaired and Chicago Lighthouse Industries each have a favorable determination letter from the Internal Revenue Service, stating that they are exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, except for income taxes pertaining to unrelated business income. The FASB issued guidance that requires tax effects from uncertain tax positions to be recognized in the consolidated 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.

Management has determined that there are no material uncertain positions that require recognition in the consolidated financial statements, as The Chicago Lighthouse for People Who Are Blind or Visually Impaired has immaterial unrelated business income and files a Form 990-T; however, no provision for income taxes is required. Additionally, there are no interest or penalties recognized in the consolidated statements of activities or consolidated statements of financial position. Chicago Lighthouse Industries does not have unrelated business income, and no provision is necessary.

The Chicago Lighthouse for People Who Are Blind or Visually Impaired

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE L - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table summarizes assets by fair value levels as of June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and equity funds	\$ 17,018,461	\$ -	\$ -	\$ 17,018,461
Bonds and other debt instruments	-	7,102,826	-	7,102,826
Beneficial interest in perpetual trusts	-	-	649,549	649,549
	<u>\$ 17,018,461</u>	<u>\$ 7,102,826</u>	<u>\$ 649,549</u>	<u>\$ 24,770,836</u>

The following table summarizes assets by fair value levels as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks and equity funds	\$ 12,742,235	\$ -	\$ -	\$ 12,742,235
Bonds and other debt instruments	-	5,820,572	-	5,820,572
Beneficial interest in perpetual trusts	-	-	597,372	597,372
	<u>\$ 12,742,235</u>	<u>\$ 5,820,572</u>	<u>\$ 597,372</u>	<u>\$ 19,160,179</u>

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

	<u>Beneficial Interest in Perpetual Trusts</u>
Balance as of June 30, 2022	\$ 566,814
Change in value	<u>30,558</u>
Balance as of June 30, 2023	597,372
Change in value	<u>52,177</u>
Balance as of June 30, 2024	<u>\$ 649,549</u>

NOTE M - DEBT OBLIGATIONS - LINE OF CREDIT AND MORTGAGE

In January of 2019, The Lighthouse entered into an agreement to refinance its existing revolving line of credit by obtaining a mortgage and a new revolving line of credit with The Northern Trust Company, both secured by the land and building located at 1850 W. Roosevelt Rd, Chicago, Illinois. The mortgage was set to mature in fiscal year 2024 with an interest rate of 5.75%.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

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In January of 2024, The Lighthouse entered into an agreement to refinance its existing revolving line of credit by obtaining a mortgage and a new revolving line of credit with The Northern Trust Company, both secured by the land and building located at 1850 W. Roosevelt Rd, Chicago, Illinois. The mortgage will mature in fiscal year 2029 and bears interest at the rate of the Daily Simple SOFR-Based Rate plus 2.5%.

Future principal payments on the 1850 mortgage as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 173,821
2026	130,366
2027	130,366
2028	130,366
2029	<u>2,694,230</u>
Total	<u>\$ 3,259,149</u>

Interest expense on the mortgage totaled \$215,758 and \$193,627 for the years ended June 30, 2024 and 2023, respectively.

The Lighthouse's revolving line of credit matures on demand and provides for borrowing up to an aggregate amount of \$2,500,000. At June 30, 2024 and 2023, the amounts outstanding on the lines of credit totaled \$1,000,000. On January 23, 2024, The Lighthouse renewed its line of credit at the same aggregate amount but included a change in the benchmark interest rate. As of that date, the new benchmark rate on this obligation is the greater of the Secured Overnight Financial Rate ("SOFR") rate or the lender's Prime rate, which The Lighthouse has the option to select based on its need. Prior to the renewal, the interest rate on this debt fluctuated based on the LIBOR rate. The interest rate was 8.0% and 7.75% as of June 30, 2024 and 2023, respectively. Interest is also payable at .25% on the unused available line of credit. Interest expense incurred on the line of credit totaled \$84,328 and \$90,730 for the years ended June 30, 2024 and 2023, respectively.

In February 2021, The Lighthouse entered into an agreement to refinance an existing mortgage with The Northern Trust Company secured by the Glenview land and building. The mortgage will mature in fiscal year 2031 with an interest rate of 3.7%.

Future principal payments on the Glenview mortgage as of June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 49,577
2026	51,469
2027	53,433
2028	55,448
2029	62,359
Thereafter	<u>159,773</u>
Total	<u>\$ 432,059</u>

Interest expense on the mortgage totaled \$17,231 and \$18,940 for the years ended June 30, 2024 and 2023, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE N - 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 net assets with donor restrictions. The Lighthouse's beneficial interest in the trusts, at fair value, totaled \$649,549 and \$597,372 at June 30, 2024 and 2023, respectively. 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 \$329,023 and \$84,108 at June 30, 2024 and 2023, respectively, have been segregated in separate accounts, the use of which is limited to meeting the gift annuity obligations. The liability was \$208,641 and \$75,255 at June 30, 2024 and 2023, respectively, which is included in other accrued liabilities in the consolidated statements of financial position.

NOTE O - OPERATING LEASES

The Lighthouse leases a parking lot and certain office equipment under several non-cancelable operating leases that expire at various dates through 2028. Several leases contain options to renew the terms. This optional renewal has not been included in the lease term related to the operating lease ROU asset and operating liability. Base rent payments are fixed, increasing each year by a set amount which is stated in the lease agreement. The Lighthouse has elected to apply the short-term lease exception to all leases with a term of one year or less. Total operating lease expense was \$186,956 and \$180,544 for the years ended June 30, 2024 and 2023, respectively.

As of July 1, 2023 the operating Lease ROU asset balance was \$261,140 with a corresponding operating lease liability of \$ 261,140.

Supplemental statement of financial position information related to leases at June 30, 2024 was as follows:

Weighted average discount rate	4.49%
Weighted average lease term	2.21 years

Minimum future lease payments under non-cancelable operating leases having remaining terms in excess of one year as of June 30, 2024, are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 123,838
2026	74,810
2027	47,611
2028	30,556
	<hr/>
Total minimum lease payments	276,815
	<hr/>
Less: imputed interest	(18,564)
	<hr/>
Present value of future minimum lease payments	\$ 258,251

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE P - 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. The Lighthouse may be subject to credit risk as relates to receivable balances of major customers whose balances make up 24% and 19% of the accounts receivable balance at June 30, 2024 and 2023, respectively. Credit risk for the remainder of receivables is limited due to the large number of accounts and low average receivable 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 Q - RELATED PARTIES

Donations to The Lighthouse from members of the board of directors were \$2,467,581 and \$2,531,450, including \$2,223,745 and \$2,276,000 from board members' family foundations, for the years ended June 30, 2024 and 2023, respectively. Pledges receivable from members of the board of directors were \$4,202,398 and \$6,318,198 at June 30, 2024 and 2023, respectively.

Payments to members of The Lighthouse board of directors, or related companies, for professional services provided were \$174,200 and \$189,601 for the years ended June 30, 2024 and 2023, respectively.

NOTE R - LIQUIDITY

The Lighthouse regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, The Lighthouse considers all expenditures related to its ongoing program activities as well as the cost of supporting those activities to be general expenditures.

Financial assets available for general use within one year of June 30, 2024:

Cash and cash equivalents	\$ 2,099,197
Investments and accrued investment income	25,123,074
Accounts receivable, net	<u>11,571,639</u>
	38,793,910
Less: amounts not available for general use within one year:	
Donor restrictions for endowments and other long-term purposes	5,789,836
Board-designated endowment	9,927,741
Contributions receivable, net - due after one year	2,251,700
Funds reserved for debt compliance	<u>5,815,654</u>
	<u>23,784,931</u>
Financial assets available for general use within one year	<u>\$ 15,008,979</u>

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June 30, 2024 and 2023

Financial assets available for general use within one year of June 30, 2023:

Cash and cash equivalents	\$ 2,293,782
Investments and accrued investment income	20,557,599
Accounts receivable, net	<u>12,114,818</u>
	34,966,199
Less: amounts not available for general use within one year:	
Donor restrictions for endowments and other long-term purposes	4,698,404
Board-designated endowment	4,299,811
Contributions receivable, net - due after one year	4,113,700
Funds reserved for debt compliance	<u>5,960,884</u>
	<u>19,072,799</u>
Financial assets available for general use within one year	<u>\$ 15,893,400</u>

NOTE S - SUBSEQUENT EVENTS

The Lighthouse evaluated its June 30, 2024, consolidated financial statements for subsequent events through December 13, 2024, the date the consolidated financial statements were available to be issued. The Lighthouse is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.