

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008



**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

TABLE OF CONTENTS:

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 - 5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 18



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors
The Miami Lighthouse for the Blind
and Visually Impaired, Inc.

We have audited the accompanying statements of financial position of The Miami Lighthouse for the Blind and Visually Impaired, Inc. (the "Lighthouse") as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Miami Lighthouse for the Blind and Visually Impaired, Inc. as of December 31, 2009 and 2008, 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.

Morrison, Brown, Argiz & Farra

Miami, Florida
June 4, 2010

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS	2009	2008
Cash and cash equivalents (including cash held in investment money funds of \$1,145,269 and \$1,970,563 at December 31, 2009 and 2008, respectively)	\$ 2,502,533	\$ 2,602,459
Restricted cash	80,447	274,221
Accounts and interest receivable	198,482	276,454
Prepaid expenses and other assets	68,534	67,076
Contributions receivable, net	419,736	1,196,895
Beneficial interest in irrevocable trusts	416,804	445,326
Investment securities	10,023,472	6,997,666
Property and equipment, net	<u>2,162,670</u>	<u>2,286,579</u>
TOTAL ASSETS	<u>\$ 15,872,678</u>	<u>\$ 14,146,676</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	<u>\$ 470,502</u>	<u>\$ 370,742</u>
TOTAL LIABILITIES	<u>470,502</u>	<u>370,742</u>
Net assets:		
Unrestricted (including quasi endowment of \$10,109,373 and \$8,250,865 at December 31, 2009 and 2008, respectively)	13,167,509	10,868,771
Temporarily restricted	1,108,377	1,780,873
Permanently restricted	<u>1,126,290</u>	<u>1,126,290</u>
TOTAL NET ASSETS	<u>15,402,176</u>	<u>13,775,934</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,872,678</u>	<u>\$ 14,146,676</u>

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

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2009			2008				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS AND OTHER SUPPORT:								
Bequests, legacies and trust income	\$ -	\$ 145,647	\$ -	\$ 145,647	\$ 163,772	\$ 111,190	\$ -	\$ 274,962
Contributions, net	1,741,556	339,181	-	2,080,737	1,227,917	1,441,485	-	2,669,402
Grant funding, including funds from Miami-Dade County	2,237,139	-	-	2,237,139	2,189,845	-	-	2,189,845
Investment income (loss), net	1,527,182	13,422	-	1,540,604	(1,610,110)	(161,052)	-	(1,771,162)
Change in beneficial interest in irrevocable trusts	-	49,827	-	49,827	-	83,018	-	83,018
Other	123,477	-	-	123,477	127,784	-	-	127,784
Net assets released from restrictions:								
Satisfaction of program restrictions and transfer of restriction	1,220,573	(1,220,573)	-	-	604,832	(604,832)	-	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	6,849,927	(672,496)	-	6,177,431	2,704,040	869,809	-	3,573,849
EXPENSES:								
Vision rehabilitation program	486,169	-	-	486,169	767,270	-	-	767,270
Alternative rehabilitation services	566,826	-	-	566,826	1,347,294	-	-	1,347,294
Transition services and vocational training unit	1,252,570	-	-	1,252,570	1,302,319	-	-	1,302,319
Early intervention and children's program	622,847	-	-	622,847	557,905	-	-	557,905
Heiken children's vision program	857,288	-	-	857,288	469,877	-	-	469,877
Administrative and general	487,745	-	-	487,745	348,195	-	-	348,195
Development	277,744	-	-	277,744	493,501	-	-	493,501
TOTAL EXPENSES	4,551,189	-	-	4,551,189	5,286,361	-	-	5,286,361
CHANGES IN NET ASSETS	2,298,738	(672,496)	-	1,626,242	(2,582,321)	869,809	-	(1,712,512)
NET ASSETS - BEGINNING OF YEAR	10,868,771	1,780,873	1,126,290	13,775,934	13,451,092	911,064	1,126,290	15,488,446
NET ASSETS - END OF YEAR	\$ 13,167,509	\$ 1,108,377	\$ 1,126,290	\$ 15,402,176	\$ 10,868,771	\$ 1,780,873	\$ 1,126,290	\$ 13,775,934

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

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services					Supporting Services			Total Expenses
	Vision rehabilitation	Alternative rehabilitation services	Transition & vocational services	Early intervention	Heiken children's vision services	Administrative and general	Development		
Payroll and related expenses	\$ 250,994	\$ 233,406	\$ 854,271	\$ 372,442	\$ 359,608	\$ 362,613	\$ 194,818	\$ 2,628,152	
Office and program supplies	36,063	47,475	31,307	71,597	57,510	9,188	8,399	261,539	
Occupancy	44,368	10,582	52,113	33,369	20,210	1,255	737	162,634	
Insurance	11,194	16,978	20,011	15,726	12,300	1,708	1,593	79,510	
Transportation	18,889	29,664	37,323	15,954	37,014	5,570	328	144,742	
Professional fees and contract services	27,222	140,274	31,812	8,641	220,445	56,917	14,335	499,646	
Public and community relations	23,873	23,477	35,660	25,971	56,289	5,487	32,462	203,219	
In-kind expense	23,092	18,097	16,484	10,232	39,911	-	19,892	127,708	
Other	22,455	23,968	33,224	9,702	4,709	39,981	54	134,093	
TOTAL EXPENSES	458,150	543,921	1,112,205	563,634	807,996	482,719	272,618	4,241,243	
Depreciation of property and equipment	28,019	22,905	140,365	59,213	49,292	5,026	5,126	309,946	
TOTAL EXPENSES	\$ 486,169	\$ 566,826	\$ 1,252,570	\$ 622,847	\$ 857,288	\$ 487,745	\$ 277,744	\$ 4,551,189	

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

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Services				Supporting Services			Total Expenses
	Vision rehabilitation	Alternative rehabilitation services	Transition & vocational services	Early intervention	Heiken children's vision services	Administrative and general	Development	
Payroll and related expenses	\$ 393,303	\$ 692,728	\$ 718,256	\$ 330,198	\$ 170,651	\$ 260,668	\$ 245,815	\$ 2,811,619
Office and program supplies	53,294	95,497	82,631	37,987	23,188	13,895	20,233	326,725
Occupancy	31,600	56,619	48,995	23,149	11,641	8,239	11,997	192,240
Insurance	10,058	21,002	20,763	9,136	7,475	3,500	5,814	77,748
Transportation	17,939	32,144	27,814	12,787	6,436	4,677	6,810	108,607
Professional fees and contract services	53,204	183,390	83,898	37,923	145,945	13,872	20,199	538,431
Public and community relations	52,487	89,250	80,959	36,299	18,759	13,278	19,334	310,366
In-kind expense	32,851	58,595	50,936	23,416	12,102	8,565	12,741	199,206
Other	67,998	20,458	103,509	8,137	13,590	2,977	129,853	346,522
TOTAL EXPENSES BEFORE DEPRECIATION	712,734	1,249,683	1,217,761	519,032	409,787	329,671	472,796	4,911,464
Depreciation of property and equipment	54,536	97,611	84,558	38,873	60,090	18,524	20,705	374,897
TOTAL EXPENSES	\$ 767,270	\$ 1,347,294	\$ 1,302,319	\$ 557,905	\$ 469,877	\$ 348,195	\$ 493,501	\$ 5,286,361

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

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,626,242	\$ (1,712,512)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	309,946	374,897
Change in beneficial interest in irrevocable trusts	(49,827)	(83,018)
Realized losses (gains) on investments	283,695	(1,124,354)
Unrealized (gains) losses on investments	(1,511,269)	3,189,189
Gain on sale of vehicles	(5,500)	-
Bad debt expense	46,406	121,235
Decrease (increase) in assets:		
Accounts and interest receivable	77,972	30,807
Prepaid expenses and other assets	(1,458)	(23,194)
Contributions receivable, net	730,753	(418,878)
Due from Estates/Trusts	-	35,000
Beneficial interest in irrevocable trusts	78,349	268,933
Increase in liabilities:		
Accounts payable and accrued expenses	99,760	174,308
TOTAL ADJUSTMENTS	<u>58,827</u>	<u>2,544,925</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,685,069</u>	<u>832,413</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(180,537)	(369,874)
Proceeds from sale and maturity of investment securities	400,000	713,531
Purchases of investment securities	(2,198,232)	(661,860)
Restricted contributions received	193,774	(81,630)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,784,995)</u>	<u>(399,833)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(99,926)	432,580
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>2,602,459</u>	<u>2,169,879</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 2,502,533</u>	<u>\$ 2,602,459</u>

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

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Miami Lighthouse for the Blind and Visually Impaired, Inc. (the "Lighthouse") is a nonprofit corporation established under the laws of the State of Florida. The mission of the Lighthouse is to provide vision rehabilitation and eye health services that promote independence, to educate professionals, and to conduct research in related fields. Services are provided in both Miami-Dade County and Monroe County. Funding for these programs is made possible by government contracts, contributions from individuals, foundations and corporate support.

FASB Accounting Standards Codification

On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles," which establishes the FASB Accounting Standards Codification (the "ASC") as the source of authoritative principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). This standard is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. Grants are considered exchange transactions and are recorded as unrestricted revenue when earned.

Net assets, revenue, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. In addition, the Lighthouse is required to present a statement of cash flows. The three net asset categories are reflected in the accompanying financial statements as follows:

- Unrestricted net assets consist of net assets that are neither permanently nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent net assets with a donor-imposed restriction that is satisfied either by the passage of time or by actions of the Lighthouse.
- Permanently restricted net assets result primarily from contributions and other inflows of assets whose use by the Lighthouse is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Lighthouse.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of 90 days or less.

Restricted Cash

Restricted cash consists of cash limited in use by donor or contract imposed restrictions.

Contributions Receivable, Net

Contributions receivable are accounted for at the present value of estimated future cash flows. During the year ended December 31, 2009, a discount rate of 6% was used based on management's estimate of its borrowing base during the fiscal year. During the year ended December 31, 2008, a discount rate of 2% was used based on the average interest rate of ten-year treasury notes during the fiscal year. The discounted future cash flows approximates fair value.

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

The Lighthouse follows the provisions of an accounting standard where contributions are recognized when the donor makes a promise to give to the Lighthouse that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets. The Lighthouse accounts for temporarily restricted contributions for which the restrictions are met in the same reporting period as they are received as unrestricted support.

Split-Interest Agreements

The Lighthouse is the remainder beneficiary of various charitable remainder and charitable annuity trusts. Trust assets are stated at fair market value. Liabilities are determined using Internal Revenue Service actuarial assumptions, discounted using the applicable federal rate in effect at the date of the gift.

A contribution is recorded at the time of the gift as the difference between the fair value of the assets received and the liabilities incurred in the exchange portion of the agreement for these irrevocable transfers of assets. The assets related to these trusts are separately identified in the accompanying statements of financial position as "Beneficial interest in irrevocable trusts."

Investment Securities

The Lighthouse reports its investments under an accounting standard where a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the statements of activities. The fair value of marketable securities is determined by quoted market prices.

Property and Equipment, Net

Property and equipment are stated at cost or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Useful lives are as follows:

Building and improvements	20 – 39 years
Furniture and equipment	5 – 10 years
Automotive equipment	3 years

Concentrations of Credit Risk

Financial instruments, which potentially subject the Lighthouse to concentrations of credit risk, consist primarily of cash and cash equivalents maintained in financial institutions in excess of the FDIC insured limit of \$250,000. Although cash balances may exceed federally insured limits at times during the year, the Lighthouse has not experienced and does not expect to incur any losses in such accounts.

Management 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.

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Lighthouse is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Lighthouse currently has no unrelated business income. Accordingly, the accompanying financial statements reflect no income taxes.

Uncertainty in Income Taxes

Under an accounting standard, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of this accounting standard had no impact on the Lighthouse's financial statements. The Lighthouse does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of the accounting standard. For the year ended December 31, 2009 there were no interest or penalties recorded or included in the financial statements.

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Adoption of Accounting Pronouncements

Fair Value Measurements

On January 1, 2008, the Lighthouse adopted the provisions of an accounting standard on the fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standard defines fair value and also establishes a framework for measuring fair value and expands disclosures about fair value measurements (NOTE 3).

In February 2008, the FASB issued guidance which excludes accounting for leases and certain other accounting pronouncements that address fair value measurements from the scope of the accounting standard. The effective date of the accounting standard was delayed until fiscal years beginning after November 15, 2008 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis.

In April 2009, the FASB issued guidance which provides guidelines for making fair values measurements more consistent with the principles presented in the original standard. The guidance is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have an effect on the Lighthouse's financial statements.

Subsequent Events

In May 2009, the FASB issued an accounting standard which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The standard was adopted for the year ended December 31, 2009. The adoption did not have a material impact on the Lighthouse's financial statements. The Lighthouse has evaluated subsequent events through June 4, 2010, which is the date the financial statements were available to be issued.

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of Accounting Pronouncements (continued)

Net Asset Classification of Funds

In February 2008, the FASB issued authoritative guidance on the net classification of donor-restricted endowment funds for a not-for-profit that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2006. As of May 19, 2010, the state of Florida had not adopted the enacted version of UPMIFA. This guidance improves disclosures about an organization's endowment funds (both donor-restricted and board designated) whether or not the organization is subject to UPMIFA. Exempt organizations are required to follow the laws and regulations of the Florida Uniform Management of Institutional Funds Act ("FUMIFA").

In initially applying the guidance, the Organization shall report any resulting net asset reclassifications in a separate line item within the Organization's Statement of Activities for that period. If the Organization applies the provisions of this guidance subsequent to the period in which UPMIFA is first effective, the reclassification shall be reported in those financial statements in the earliest comparative period presented for which UPMIFA was effective. If the period in which UPMIFA first became effective is not presented, the effects of the reclassification shall be reported retrospectively in the earliest period presented. The provisions of this guidance shall be effective for fiscal years ending after December 15, 2008 and have been adopted by the Lighthouse (NOTE 9).

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued an accounting standard on the fair value option for financial assets and financial liabilities. The standard gives the Organization the irrevocable option to carry most financial assets and liabilities at fair value that are not currently required to be measured at fair value. If the fair value option is elected, changes in fair value would be recorded in earnings at each subsequent reporting date. The standard was effective for the Lighthouse's 2009 fiscal year. The adoption of this statement did not have a material effect on the Lighthouse's financial statements.

Recent Accounting Pronouncement

Not-for-Profit Entities: Mergers and Acquisitions

In April 2009, the FASB issued an accounting standard on not-for-profit entities mergers and acquisitions. The standard provides guidance on accounting for a not-for-profit's combination with one or more other not-for-profit entities, businesses, or non-profit activities. The standard also makes accounting for goodwill and other intangible assets applicable to not-for-profit entities. The standard is to be applied prospectively with early application prohibited and is effective for fiscal years beginning on or after December 15, 2009. The Lighthouse does not believe this standard will have a material effect on the financial statements.

2. INVESTMENT SECURITIES

Fair values of investment securities at December 31, 2009 and 2008 are summarized as follows:

	<u>2009</u>	<u>2008</u>
Equity securities	\$ 4,955,213	\$ 2,905,241
Fixed income	4,084,072	3,824,744
Real estate funds	327,176	174,665
Commodities funds	<u>657,011</u>	<u>93,016</u>
	<u>\$ 10,023,472</u>	<u>\$ 6,997,666</u>

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

2. INVESTMENT SECURITIES (CONTINUED)

The Lighthouse's investment income (loss), including income earned on cash deposits, consisted of the following for the years ended December 31:

	2009	2008
Net realized (losses) gains	\$ (283,695)	\$ 1,124,354
Net unrealized gains (losses)	1,511,269	(3,189,189)
Interest and dividends	313,030	293,673
	\$ 1,540,604	\$ (1,771,162)

3. FAIR VALUE MEASUREMENTS

The FASB established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs of valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Lighthouse has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009.

Items Measured at Fair Value on a Recurring Basis

The Equity Portfolio consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity Portfolio investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Fixed Income Portfolio consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. These investments are valued at the closing price reported in the active market in which the individual securities are traded.

The Real Estate Investment Fund Portfolio invests in equity securities of real estate companies and real estate related companies. These investments are valued at the closing price reported in the active market in which the individual securities are traded. Certain of these funds are traded at net asset value, which approximates fair value.

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Recurring Basis (continued)

The Commodities Investment Portfolio invests in commodity instruments backed by a portfolio of fixed-income securities. These investments are valued at their current market value determined on the basis of quotations. Certain of these funds are traded at net asset value, which approximates fair value.

Investments held in trust are recorded based on the quoted market prices for the underlying investments, less expected payouts to other beneficiaries over the life of the trust as discounted to present value. This value is considered to approximate fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Lighthouse believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table represents the Lighthouse's financial instruments measured at fair value on a recurring basis at December 31, 2009 for each of the fair value hierarchy levels:

<u>Description</u>	<u>12/31/09</u>	<u>Fair Value Measurement at December 31, 2009</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Investment securities:				
Equity	\$ 4,955,213	\$ 4,955,213	\$ -	\$ -
Fixed income	4,084,072	4,084,072	-	-
Real estate funds	327,176	327,176	-	-
Commodities funds	<u>657,011</u>	<u>657,011</u>	-	-
Total investment securities	10,023,472	10,023,472	-	-
Investments held in trust	<u>416,804</u>	<u>416,804</u>	-	-
	<u>\$ 10,440,276</u>	<u>\$ 10,440,276</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents the Lighthouse's financial instruments measured at fair value on a recurring basis at December 31, 2008 for each of the fair value hierarchy levels:

<u>Description</u>	<u>12/31/08</u>	<u>Fair Value Measurement at December 31, 2008</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Investment securities:				
Equity	\$ 2,905,241	\$ 2,905,241	\$ -	\$ -
Fixed income	3,824,744	3,824,744	-	-
Real estate funds	174,665	174,665	-	-
Commodities funds	<u>93,016</u>	<u>93,016</u>	-	-
Total investment securities	6,997,666	6,997,666	-	-
Investments held in trust	<u>445,326</u>	<u>445,326</u>	-	-
	<u>\$ 7,442,992</u>	<u>\$ 7,442,992</u>	<u>\$ -</u>	<u>\$ -</u>

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Items Measured at Fair Value on a Nonrecurring Basis

The fair value of contributions receivable is estimated by discounting the future cash flows using a discount rate applied to expected future cash flows from estimated collections.

<u>Description</u>	<u>12/31/09</u>	<u>Fair Value Measurement at December 31, 2009</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Contributions receivable	\$ 419,736	\$ -	\$ -	\$ 419,736

There were no financial liabilities measured at fair value on a recurring or non-recurring basis at December 31, 2009 and 2008.

4. GRANT FUNDING

The Lighthouse receives funding from the U.S. Department of Education passed through the State of Florida Division of Blind Services to provide rehabilitative services to visually impaired individuals. Funding is based on a budgeted formula. The contract under which funds are received may be terminated upon a 30-day written notice by either party and is subject to funds being available to the grantor.

The Lighthouse participates in a number of government-assisted grant programs which are subject to financial and compliance audits by the granting agency. The financial statements do not include any adjustments for disallowed costs which may result from audits performed by the granting agencies. Management believes that no material liability will result from any such audits.

5. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable are expected to be realized in the following periods:

	<u>2009</u>	<u>2008</u>
2009	\$ -	\$ 597,000
2010	218,399	477,311
2011	156,202	93,500
2012	49,775	29,978
2013	31,400	29,248
Thereafter	<u>46,000</u>	<u>80,000</u>
Total	501,776	1,307,037
Less allowance for estimated uncollectible contributions	(25,089)	(65,352)
Less present value discount	<u>(56,951)</u>	<u>(44,790)</u>
	<u>\$ 419,736</u>	<u>\$ 1,196,895</u>

At December 31, 2008, one donor accounted for 57% and 37% of contributions receivable and contributions revenue, respectively. There were no donor concentrations at December 31, 2009.

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

6. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at December 31,

	2009	2008
Land	\$ 168,641	\$ 168,641
Building and improvements	4,883,275	4,736,885
Furniture and equipment	850,234	724,462
Automotive equipment	350,122	403,610
Total	6,252,272	6,033,598
Less accumulated depreciation	(4,089,602)	(3,747,019)
	\$ 2,162,670	\$ 2,286,579

During 2009, the Lighthouse purchased real property located in Miami, Florida at a cost of \$72,000. Such amount has been included in building and improvements. During 2009, the Lighthouse sold three vehicles for a total gain amounting to \$5,500.

Total depreciation expense for the years ended December 31, 2009 and 2008 was \$309,946 and \$374,897, respectively.

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of assets which have been restricted by the donor either as to the purpose or the passage of time. As of December 31, 2009 and 2008, there were \$1,108,377 and \$1,780,873, respectively, of temporarily restricted net assets held by the Lighthouse.

The restricted net assets relate to various contributions received or receivable that are designated for use in certain music expenditures and charitable remainder trusts which have designated the Lighthouse as beneficiary. In addition, there is a multi-year contribution for the children's program which is restricted to funding certain expenditures.

Description	2009	2008
Unconditional promises to give:		
Temporarily restricted as to time	\$ 391,573	\$ 605,998
Temporarily restricted as to purpose	300,000	729,549
Beneficial interest in irrevocable trusts	416,804	445,326
	\$ 1,108,377	\$ 1,780,873

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to investment in perpetuity, the income of which is expendable to support the children's program. As of December 31, 2009 and 2008, permanently restricted net assets amounted to \$1,126,290, respectively.

Description	2009	2008
Permanently restricted as to purpose	\$ 1,022,698	\$ 1,022,698
Heiken endowment fund	103,592	103,592
	\$ 1,126,290	\$ 1,126,290

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

9. ENDOWMENTS

The Lighthouse's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Although these board designated funds are included in unrestricted net assets, management and the board of directors segregated these funds so that the principal is designated not to be expended without board approval. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Lighthouse has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, 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 until those amounts are appropriated for expenditure by the Lighthouse in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Lighthouse considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Lighthouse and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect 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.

For the years ended December 31, 2009 and 2008, the Lighthouse has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

Summary of Endowment Assets:

Endowment assets are invested as follows at December 31,:

	<u>2009</u>	<u>2008</u>
Equity securities	\$ 4,955,112	\$ 2,905,087
Fixed income securities	4,084,072	3,824,744
Real estate	327,176	174,666
Commodities	657,011	93,016
Cash and short term investments (included in "cash and cash equivalents")	<u>1,225,715</u>	<u>2,244,784</u>
	<u>\$ 11,249,086</u>	<u>\$ 9,242,297</u>

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

9. ENDOWMENTS (CONTINUED)

Summary of Endowment Assets at December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 1,139,713	\$ 1,139,713
Board-designated endowment funds	<u>10,109,373</u>	<u>-</u>	<u>-</u>	<u>10,109,373</u>
Total endowment net assets	<u>\$ 10,109,373</u>	<u>\$ -</u>	<u>\$ 1,139,713</u>	<u>\$ 11,249,086</u>

Summary of Endowment Assets at December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 991,432	\$ 991,432
Board-designated endowment funds	<u>8,250,865</u>	<u>-</u>	<u>-</u>	<u>8,250,865</u>
Total endowment net assets	<u>\$ 8,250,865</u>	<u>\$ -</u>	<u>\$ 991,432</u>	<u>\$ 9,242,297</u>

Changes in endowment net assets as of December 31, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 8,250,865	\$ -	\$ 991,432	\$ 9,242,297
Investment change	1,085,259	-	157,436	1,242,695
Contributions	1,206,384	-	-	1,206,384
Released from restriction	(400,000)	-	-	(400,000)
Investment fees	<u>(33,135)</u>	<u>-</u>	<u>(9,155)</u>	<u>(42,290)</u>
Endowment net assets, ending	<u>\$ 10,109,373</u>	<u>\$ -</u>	<u>\$ 1,139,713</u>	<u>\$ 11,249,086</u>

Changes in endowment net assets as of December 31, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 9,704,273	\$ -	\$ 1,287,342	\$ 10,991,615
Investment change	(1,554,369)	-	(286,407)	(1,840,776)
Contributions	959,335	-	-	959,335
Released from restriction	(800,000)	-	-	(800,000)
Investment fees	<u>(58,374)</u>	<u>-</u>	<u>(9,503)</u>	<u>(67,877)</u>
Endowment net assets, ending	<u>\$ 8,250,865</u>	<u>\$ -</u>	<u>\$ 991,432</u>	<u>\$ 9,242,297</u>

Permanently Restricted Net Assets:

The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA

<u>2009</u>	<u>2008</u>
<u>\$ 1,126,290</u>	<u>\$ 1,126,290</u>

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

9. ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Lighthouse to retain as a fund of perpetual duration. As of December 31, 2009 and 2008, the fair market value of permanently restricted investments totaled \$1,139,713 and \$991,432, respectively. In accordance with generally accepted accounting principles in the United States of America, deficiencies of this nature that are reported in unrestricted net assets were \$0 and \$134,858 as of December 31, 2009 and 2008, respectively. The prior year deficiencies have been recorded as unrestricted expenses and are due to the permanently restricted net assets. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Risk Parameters

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. Endowment assets include those assets of donor-restricted funds that the Lighthouse must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Lighthouse expects its endowment funds, over time, to provide a rate of return of in excess of the original permanently restricted principal. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Lighthouse relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Lighthouse targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Lighthouse has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Lighthouse considered the long-term expected return on its endowment. Accordingly, over the long term, the Lighthouse expects the current spending policy to allow its endowment to grow.

10. BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS

At December 31, 2009 and 2008, the discounted net present value of the beneficial interest in irrevocable trusts totaled \$416,804 and \$445,326, respectively. The components of the irrevocable trusts are as follows:

Prior to January 1, 2004, the Lighthouse became aware that it was named in two irrevocable trusts as a 50% remainder beneficiary. The trusts were set up to pay income from the trust to its lifetime beneficiaries until they pass away. Upon death of the lifetime beneficiaries, the Lighthouse will receive the remaining principal and accumulated interest remaining in the trusts. The trust holds investments including fixed income and equities. At December 31, 2009 and 2008, the Lighthouse's beneficial interest in these irrevocable trusts totaled \$192,179 and \$159,219, respectively.

**THE MIAMI LIGHTHOUSE FOR THE BLIND
AND VISUALLY IMPAIRED, INC.**

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

10. BENEFICIAL INTEREST IN IRREVOCABLE TRUSTS (CONTINUED)

In November 2007, the Lighthouse was notified that it was named in an irrevocable trust and Estate as a 1/7th beneficiary. The terms of the trust states that the residuary trust will disburse 1/7th of its value for the first year, 1/8th of its value in the second year and consequentially for the next seven years. At December 31, 2009 and 2008, the Lighthouse's beneficial interest in this irrevocable trust totaled \$206,049 and \$267,531, respectively.

The change in the estimated value of the beneficial interest during the years ended December 31, 2009 and 2008, totaled \$49,827 and \$83,018, respectively, which is reflected as "Change in beneficial interest in irrevocable trusts" in the Statements of Activities and is considered temporarily restricted.

11. COMMITMENTS

Employment Agreement

During the year ended December 31, 2008, The Lighthouse entered into an employment agreement with its Executive Director. The agreement is in effect through May 31, 2013. This agreement includes an agreed-upon salary package. The contract includes a 60 day cancellation clause, which requires the Lighthouse to fulfill the contract in the event of termination.