FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

LIGHTHOUSE INTERNATIONAL

December 31, 2009 and 2008

C O N T E N T S

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Lighthouse International:

We have audited the accompanying statements of financial position of Lighthouse International (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 Lighthouse's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lighthouse's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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 Lighthouse International 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.

Grant Thornton LLP

New York, New York
May 26, 2010

Lighthouse International
Statements of Financial Position
As of December 31, 2009 and 2008

ASSETS	2009	2008
Assets:		
Cash and cash equivalents	$ 762,552	$ 716,803
Accounts receivable, net of allowance for doubtful accounts of $757,000 in 2009 and $198,000 in 2008	941,491	1,168,269
Prepaid expenses, inventories and other assets	807,192	796,271
Contributions, trusts and legacies receivable, net (Note 2)	7,998,423	5,017,208
Investments (Note 3)	47,104,701	42,096,953
Investments held under split-interest agreements	2,870,730	2,495,592
Funds held by trustee (Note 8)	928,642	948,487
Deferred financing costs, net (Note 1)	1,082,206	1,128,257
Property, plant and equipment, net (Note 4)	24,821,827	26,909,951
Beneficial interest in perpetual trusts	8,725,845	7,471,491
Total assets	$ 96,043,609	$ 88,749,282
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 7,054,302	$ 6,032,081
Obligation for leases - closed facilities (Note 11)	326,342	437,446
Liabilities under charitable split-interest agreements	2,133,767	2,113,688
Bonds payable (Note 8)	39,453,203	40,322,348
Pension benefits (Note 5)	8,510,474	9,779,745
Total liabilities	57,478,088	58,685,308
Commitments and contingencies (Note 11)		
Net assets:		
Unrestricted	4,559,264	1,646,595
Temporarily restricted (Note 6)	12,837,008	8,802,485
Permanently restricted (Note 7)	21,169,249	19,614,894
Total net assets	38,565,521	30,063,974
Total liabilities and net assets	$ 96,043,609	$ 88,749,282

The accompanying notes are an integral part of these statements.

Lighthouse International
Statements of Activities
For the years ended December 31, 2009 and 2008

	Unrestricted		Temporarily		Permanently		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Support and revenues:								
Contributions	$ 2,469,291	$ 2,759,961	$ 1,813,318	$ 1,255,201	$ 350,000	$ 100,000	$ 4,632,609	$ 4,115,162
Special events revenue, net of direct costs of $484,950 and $759,553 in 2009 and 2008, respectively	1,491,878	1,631,454	-	-	-	-	1,491,878	1,631,454
Legacies	4,301,075	2,912,565	2,030,555	1,856,001	-	-	6,331,630	4,768,566
Sales of consumer and professional products	451,125	478,894	-	-	-	-	451,125	478,894
Government grants (Note 10)	4,774,144	5,682,373	-	-	-	-	4,774,144	5,682,373
Investment return (loss) (Note 3)	9,337,085	(16,220,243)	948,930	(1,224,904)	-	-	10,286,015	(17,445,147)
Distributions from perpetual trusts	341,998	415,887	17,861	9,608	-	-	359,859	425,495
Change in split-interest agreements and beneficial interest in perpetual trusts	110,164	(877,557)	2,798,519	(1,048,687)	1,254,355	(2,387,765)	4,163,038	(4,314,009)
Rental and conference center income, net of related direct costs of $821,373 and $2,662,331 in 2009 and 2008, respectively	2,262,193	2,016,815	-	-	-	-	2,262,193	2,016,815
Direct client services income	1,070,306	1,012,252	-	-	-	-	1,070,306	1,012,252
Other income	176,390	715,625	-	-	-	-	176,390	715,625
Net assets released from restrictions (Note 6)	3,574,660	6,389,205	(3,574,660)	(6,389,205)	-	-	-	-
Total support and revenues (Note 8)	30,360,309	6,917,231	4,034,523	(5,541,986)	1,604,355	(2,287,765)	35,999,187	(912,520)
Expenses:								
Program services (Note 1 and 9):								
Rehabilitation services	2,586,922	2,770,955	-	-	-	-	2,586,922	2,770,955
Child Development Center	3,751,841	4,018,744	-	-	-	-	3,751,841	4,018,744
Low vision services	2,289,702	2,452,590	-	-	-	-	2,289,702	2,452,590
Career and youth services	2,427,304	2,599,981	-	-	-	-	2,427,304	2,599,981
Music and print access services	4,230,353	4,531,297	-	-	-	-	4,230,353	4,531,297
Consumer products	438,150	469,318	-	-	-	-	438,150	469,318
Education and advocacy	2,116,209	2,266,754	-	-	-	-	2,116,209	2,266,754
Research	1,805,342	1,933,773	-	-	-	-	1,805,342	1,933,773
Public information	1,428,198	1,529,798	-	-	-	-	1,428,198	1,529,798
Total program services	21,074,021	22,573,210	-	-	-	-	21,074,021	22,573,210
Supporting services:								
Development (Note 9)	1,695,261	1,815,860	-	-	-	-	1,695,261	1,815,860
Administrative and general	5,897,862	6,317,433	-	-	-	-	5,897,862	6,317,433
Total supporting services	7,593,123	8,133,293	-	-	-	-	7,593,123	8,133,293
Total expenses	28,667,144	30,706,503	-	-	-	-	28,667,144	30,706,503
Change in net assets before non-recurring items	1,693,165	(23,789,272)	4,034,523	(5,541,986)	1,604,355	(2,287,765)	7,332,043	(31,619,023)
Change in minimum liability for pension benefits (Note 5)	1,169,504	(11,999,118)	-	-		-	1,169,504	(11,999,118)
Contributions from merger with The Association Blind, Inc.	-	(274,848)	-	-		1,752,615	-	1,477,767
Redesignation of contribution	50,000	-	-	-	(50,000)	-	-	-
Change in net assets	2,912,669	(36,063,238)	4,034,523	(5,541,986)	1,554,355	(535,150)	8,501,547	(42,140,374)
Net assets, beginning of year	1,646,595	37,709,833	8,802,485	14,344,471	19,614,894	20,150,044	30,063,974	72,204,348
Net assets, end of year	$ 4,559,264	$ 1,646,595	$ 12,837,008	$ 8,802,485	$ 21,169,249	$ 19,614,894	$ 38,565,521	$ 30,063,974

The accompanying notes are an integral part of these statements.

Lighthouse International
Statement of Functional Expenses
For the year ended December 31, 2009, with comparative summarized totals for 2008

	Program Services										Supporting Services			
	Rehabilitation Services	Child Development Center	Low Vision Services	Career and Youth Services	Music and Print Access Services	Consumer Products	Education and Advocacy	Research	Public Information	Total Program Services	Development	Administrative and General	Total Supporting Services	Total Expenses
Salaries	$ 1,155,441	$ 1,675,747	$ 1,022,688	$ 1,084,147	$ 1,889,473	$ 195,698	$ 945,198	$ 806,350	$ 637,900	$ 9,412,642	$ 757,182	$ 2,634,261	$ 3,391,443	$ 12,804,085
Employee benefits	264,423	383,496	234,043	248,108	432,407	44,786	216,309	184,534	145,984	2,154,090	173,282	602,850	776,132	2,930,222
Travel and entertainment	28,041	40,669	24,820	26,311	45,856	4,749	22,939	19,569	15,481	228,435	18,376	63,931	82,307	310,742
Professional services	310,482	450,295	274,810	291,325	507,726	52,587	253,987	216,677	171,412	2,529,301	203,465	707,861	911,326	3,440,627
Supplies and equipment	49,305	71,508	43,640	46,263	80,628	8,351	40,334	34,409	27,221	401,659	32,311	112,410	144,721	546,380
Occupancy	193,154	280,134	170,962	181,236	315,862	32,715	158,008	134,797	106,637	1,573,505	126,578	440,368	566,946	2,140,451
Postage and printing	59,928	86,914	53,043	56,231	98,000	10,150	49,024	41,822	33,085	488,197	39,272	136,629	175,901	664,098
Miscellaneous	67,513	97,915	59,756	63,347	110,403	11,435	55,229	47,116	37,273	549,987	44,243	153,922	198,165	748,152
Cost of goods sold	58,853	85,356	52,091	55,222	96,242	9,968	48,144	41,072	32,492	479,440	38,568	134,178	172,746	652,186
Interest expense	169,897	246,403	150,377	159,414	277,829	28,775	138,982	118,566	93,797	1,384,040	111,336	387,343	498,679	1,882,719
Total expenses before depreciation and amortization	2,357,037	3,418,437	2,086,230	2,211,604	3,854,426	399,214	1,928,154	1,644,912	1,301,282	19,201,296	1,544,613	5,373,753	6,918,366	26,119,662
Depreciation and amortization	229,885	333,404	203,472	215,700	375,927	38,936	188,055	160,430	126,916	1,872,725	150,648	524,109	674,757	2,547,482
Total 2009 functional expenses	$ 2,586,922	$ 3,751,841	$ 2,289,702	$ 2,427,304	$ 4,230,353	$ 438,150	$ 2,116,209	$ 1,805,342	$ 1,428,198	$ 21,074,021	$ 1,695,261	$ 5,897,862	$ 7,593,123	$ 28,667,144
Total 2008 functional expenses	$ 2,770,955	$ 4,018,744	$ 2,452,590	$ 2,599,981	$ 4,531,297	$ 469,318	$ 2,266,754	$ 1,933,773	$ 1,529,798	$ 22,573,210	$ 1,815,860	$ 6,317,433	$ 8,133,293	$ 30,706,503

The accompanying notes are an integral part of this statement.

Lighthouse International
Statement of Functional Expenses
For the year ended December 31, 2008

	Program Services										Supporting Services			
	Rehabilitation Services	Child Development Center	Low Vision Services	Career and Youth Services	Music and Print Access Services	Consumer Products	Education and Advocacy	Research	Public Information	Total Program Services	Development	Administrative and General	Total Supporting Services	Total Expenses
Salaries	$ 1,343,220	$ 1,948,086	$ 1,188,893	$ 1,260,341	$ 2,196,546	$ 227,502	$ 1,098,809	$ 937,396	$ 741,570	$ 10,942,363	$ 880,238	$ 3,062,376	$ 3,942,614	$ 14,884,977
Employee benefits	276,195	400,569	244,462	259,153	451,657	46,779	225,939	192,749	152,483	2,249,986	180,996	629,691	810,687	3,060,673
Travel and entertainment	41,663	60,424	36,876	39,092	68,131	7,056	34,082	29,075	23,001	339,400	27,302	94,986	122,288	461,688
Professional services	244,806	355,045	216,680	229,701	400,328	41,463	200,262	170,844	135,153	1,994,282	160,426	558,128	718,554	2,712,836
Supplies and equipment	63,511	92,111	56,214	59,592	103,859	10,757	51,955	44,323	35,063	517,385	41,620	144,797	186,417	703,802
Occupancy	312,030	452,540	276,179	292,777	510,257	52,849	255,253	217,757	172,266	2,541,908	204,479	711,389	915,868	3,457,776
Postage and printing	64,613	93,709	57,190	60,626	105,661	10,944	52,856	45,092	35,672	526,363	42,342	147,310	189,652	716,015
Miscellaneous	28,723	41,657	25,423	26,951	46,970	4,865	23,497	20,045	15,858	233,989	18,823	65,485	84,308	318,297
Cost of goods sold	31,363	45,486	27,759	29,428	51,287	5,311	25,655	21,887	17,315	255,491	20,554	71,503	92,057	347,548
Interest expense	150,056	217,627	132,815	140,797	245,384	25,415	122,752	104,720	82,843	1,222,409	98,334	342,108	440,442	1,662,851
Total expenses before depreciation and amortization	2,556,180	3,707,254	2,262,491	2,398,458	4,180,080	432,941	2,091,060	1,783,888	1,411,224	20,823,576	1,675,114	5,827,773	7,502,887	28,326,463
Depreciation and amortization	214,775	311,490	190,099	201,523	351,217	36,377	175,694	149,885	118,574	1,749,634	140,746	489,660	630,406	2,380,040
Total 2008 functional expenses	$ 2,770,955	$ 4,018,744	$ 2,452,590	$ 2,599,981	$ 4,531,297	$ 469,318	$ 2,266,754	$ 1,933,773	$ 1,529,798	$ 22,573,210	$ 1,815,860	$ 6,317,433	$ 8,133,293	$ 30,706,503

The accompanying notes are an integral part of this statement.

Lighthouse International
Statements of Cash Flows
For the years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	$ 8,501,547	$ (42,140,374)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in minimum pension liability	(1,169,504)	11,999,118
Provision for bad debt expense	536,689	67,698
Depreciation and amortization	2,425,576	2,641,742
Amortization of deferred financing	46,051	46,051
Amortization of bond discount	75,855	76,221
Net realized and unrealized (gains) losses on investments	(9,858,130)	18,263,200
Change in value of split-interest agreements	(355,059)	470,733
Permanently restricted contributions	(350,000)	(100,000)
Permanently restricted contributions from merger with The Association Blind, Inc.	-	(1,752,615)
Change in beneficial interest in perpetual trusts	(1,254,354)	2,387,765
Changes in assets and liabilities:		
Accounts receivable	(309,911)	237,552
Prepaid expenses, inventories and other assets	(10,921)	1,436,930
Contributions, trusts and legacies receivable	(2,981,215)	4,447,289
Accounts payable and accrued expenses	1,022,221	321,815
Obligation for leases at closed facilities	(111,104)	(109,060)
Pension and postretirement benefits	(99,767)	(2,219,373)
Net cash used in operating activities	(3,892,026)	(3,925,308)
Cash flows from investing activities:		
Purchases of investments	(8,250,482)	(25,632,360)
Proceeds from sales of investments	13,100,864	30,432,649
Property, plant and equipment additions	(337,452)	(393,833)
Change in investments restricted to use	19,845	18,551
Net cash provided by investing activities	4,532,775	4,425,007
Cash flows from financing activities:		
Permanently restricted contributions	350,000	100,000
Principal payments on bonds payable	(945,000)	(905,000)
Net cash used in financing activities	(595,000)	(805,000)
Net increase (decrease) in cash and cash equivalents	45,749	(305,301)
Cash and cash equivalents, beginning of year	716,803	1,022,104
Cash and cash equivalents, end of year	$ 762,552	$ 716,803
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 1,896,430	$ 1,915,255

The accompanying notes are an integral part of these statements.

(1) Organization and Significant Accounting Policies

Organization

Lighthouse International (the "Lighthouse"), founded in 1905, is a leading nonprofit organization located in New York City, New York, that helps people of all ages overcome the challenges of vision loss. Through services, education, research and advocacy, the Lighthouse assists people with low vision and blindness to enjoy safe, independent and productive lives.

The following is a summary of the programs and activities of the Lighthouse:

- Rehabilitation services teach people with impaired vision new skills and strategies for managing household tasks, such as preparing food and cooking, cleaning, personal grooming, and managing finances and medications, so they can enjoy safe and independent lives.
- The Child Development Center provides comprehensive services to meet the individual needs of children with vision impairment from birth to age five through an Early Intervention Program that helps infants and toddlers with vision problems reach the same developmental milestones as their peers; and a uniquely integrated preschool, where children who are visually impaired learn alongside those with full sight for a more enriched educational experience for all.
- Low vision services include specialized eye exams by low vision doctors to evaluate a person's remaining vision and overall visual function. The goals are to maximize existing vision - often with the use of prescribed optical devices - and to enhance quality of life at any age.
- Career services enable people with impaired vision to prepare for, obtain or retain a job in the competitive marketplace. Matching employers with qualified candidates and ensuring workplace accessibility for employees with vision loss are key components.
- Youth services empower teens with vision loss to build the confidence, socialization and independent living skills they need to achieve success in school and, ultimately, in the working world as self-sufficient adults.
- Music and print access services include The Filomen M. D'Agostino Greenberg Music School, the largest community music school for people of all ages with vision loss in the United States; and reading, audio and braille services that make print materials accessible to people without sight.
- Consumer products span a wide range of lighting, magnifying and adaptive devices - all of which are designed to make life easier for people with vision loss - and are sold through the Lighthouse Store.
- Education and advocacy include accredited professional continuing education courses in low vision care and vision rehabilitation, as well as paraprofessional training; outreach to raise awareness of vision impairment; and advocacy initiatives, which promote the rights of people with vision loss and their inclusion in mainstream society.
- Research that advances the knowledge base in how people with vision loss function is conducted in the Arlene R. Gordon Research Institute - the only research program housed within a vision rehabilitation organization - in three primary areas: vision science, psychosocial studies and program evaluation.

(1) (continued)

- Public information is disseminated through various media outlets to raise widespread awareness of the prevalence of vision loss, and to promote the importance of prevention and early intervention, as well as the benefits of vision rehabilitation for people who are partially sighted or blind.

The Lighthouse is a Section 501(c)(3) not-for-profit organization and is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the "Code"). The Lighthouse has been classified as a publicly supported organization as described in Section 509(a)(1) of the Code.

Effective October 1, 2008, the Lighthouse acquired The Associated Blind, Inc. ("TAB"), a Section 501(c)(3) not-for-profit organization that is exempt from federal income taxes under Section 501(a) of the Code. The merger was accounted for using the concepts under the purchase method, which resulted in a contribution of TAB's net assets to the Lighthouse. During 2009, the programs previously administered by TAB were fully integrated with those of the Lighthouse and TAB ceased to exist as a New York State tax exempt corporation.

Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Net Asset Classification

Resources are classified for accounting and financial reporting purposes based upon the existence or absence of donor imposed restrictions, as follows:

Permanently Restricted Net Assets - consist of funds that are subject to donor-imposed restrictions requiring that the corpus be retained in perpetuity, with income and gains to be used for specific or general purposes, as specified by the respective donors.

Temporarily Restricted Net Assets - represent amounts restricted by donors and private grantors for specific Lighthouse activities or to be received at some future date. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. However, when stipulations on donor-restricted contributions and investment return are met in the same accounting period, such amounts are reported as unrestricted net assets under the principle of simultaneous release.

(1) (continued)

Unrestricted Net Assets - consist of resources available for the general support of the Lighthouse's operations. Unrestricted net assets may be used at the discretion of the Lighthouse's management and Board of Directors. At December 31, 2009 and 2008, the Lighthouse did not have any board-designated endowment funds.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Pledges received are discounted to reflect the present value of future cash flows using a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Cash and Cash Equivalents

The Lighthouse considers highly liquid investments with maturities when purchased of three months or less, except for those held in the investment portfolio, to be cash equivalents. The Lighthouse maintains balances with high credit quality financial institutions that, at times, may exceed federal depository insurance limits. Management does not believe the credit risk related to these deposits to be significant.

Inventory

Inventory is carried at the lower of cost or market (determined by the last-in first-out method) and totaled $180,874 and $180,709 in 2009 and 2008, respectively. Such amounts are included in prepaid expenses, inventories and other assets in the accompanying statements of financial position.

Accounts Receivable

Accounts receivable is comprised of amounts due from rental of the conference center space located at the Lighthouse's headquarters, grants receivable, vocational rehabilitation and other medical services and is recorded on an accrual basis. The allowance for doubtful accounts represents the Lighthouse's best estimate of probable losses based on aging and historical collection rates. Amounts recorded as accounts receivable do not bear interest.

Advertising Costs

The Lighthouse recorded costs related to advertising of $283,482 and $231,973 for the years ended December 31, 2009 and 2008, respectively. The Lighthouse expenses advertising costs as they are incurred.

(1) (continued)

Fair Value Measurement

The Lighthouse measures fair value as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date. The Lighthouse also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

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

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Lighthouse has the ability to access at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by Lighthouse's management with the consultation of Lighthouse's investment advisors. Management considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument.

Investments are stated at fair value based upon quoted market prices except for the fair values of alternative investments, which are based on net asset values provided by the general partners, based upon the underlying net assets of the funds. With the assistance of third parties, these values are reviewed and evaluated by management. Investments in alternative investments are generally less liquid than other types of investments and the reported fair value may differ from the values that would have been reported had a ready market for these securities existed.

(1) (continued)

Split-interest Agreements

The Lighthouse has a program to receive contributions under charitable gift annuity agreements. For financial reporting purposes, the Lighthouse has segregated these assets as separate and distinct funds, independent from other resources as such funds are used for annuity benefits specified in the agreements. Under these agreements, the Lighthouse agrees to pay a stated return annually to the beneficiaries as long as they live, after which time the remaining assets are available for Lighthouse's unrestricted use.

The Lighthouse's interest in charitable remainder trusts is reported at present value, reflecting the fair value of the amounts the Lighthouse expects to receive, discounted at a current rate of 3.2%, per year, for the periods prior to expected receipt. This amount is recorded within contributions, trusts and legacies receivable in the accompanying statements of financial position.

Beneficial Interest in Perpetual Trusts

The Lighthouse is an income beneficiary of various trust funds held in perpetuity by others. As a result, the Lighthouse has recorded an asset based upon its percentage interest of the fair value of the underlying assets of the trust, which are predominantly Level 1 investments. Changes to the estimated net present value of income to be received are recognized as gains or losses in permanently restricted net assets in the accompanying statements of activities.

Property, Plant and Equipment

Property, plant and equipment with a unit cost in excess of $1,000 is carried at cost or at the fair value at the date of contribution, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: buildings - 30 years, building improvements - 25 to 30 years, and furniture, fixtures and equipment - 3 to 5 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the terms of the respective leases.

Government Grants and Contracts

Revenue from government grants and contracts are recognized when earned. For outcome based contracts, revenue is recognized when the requirements of the contact are met. These outcomes are subsequently audited by the applicable government agency and adjustments may be recorded after review. Included in accounts payable and accrued expenses in the statements of financial position is approximately $1,491,000 and $304,000 of deferred revenue at December 31, 2009 and 2008, respectively, related to amounts received for outcome based services that have not been earned.

(1) (continued)

Direct Client Services Income

Direct client services income represents income for the delivery of various programmatic services and is recognized as revenue in the period in which services are rendered.

Deferred Financing Costs

Deferred financing costs represent costs associated with certain debt issuances and are amortized over the terms of the related bonds, which range from 11 to 34 years. Accumulated amortization of deferred financing costs totaled $516,158 and $470,107 at December 31, 2009 and 2008, respectively.

Expense Allocations

Direct expenses are assigned to the respective programs and supporting services based upon actual costs incurred. Indirect expenses are allocated to the various programs and supporting services based upon estimates of square footage occupied or level of effort.

Donated Materials and Services

A substantial number of volunteers have made significant contributions of their time to help develop the Lighthouse's programs and activities. The value of such volunteers' services has not been reflected in the accompanying financial statements as it does not meet the criteria for revenue recognition established by accounting principles generally accepted in the United States of America.

Special Events Revenue and Fundraising

Special events revenue consists of proceeds from fund-raising events, reported net of direct donor benefit, as applicable, and includes annual galas, posh sales events and golf tournaments. Revenue and related expenses are recognized upon occurrence of the event.

Conference Center

The Lighthouse generates revenues from the rental of conference center space located in Lighthouse. Such facilities are rented to external parties, which principally consist of not-for-profit organizations.

Revenues generated are utilized for the purposes of supporting Lighthouse's mission. Revenues and related expenses are recognized upon occurrence of the event.

(1) (continued)

Income Taxes

The Lighthouse follows the accounting guidance for uncertainties in income tax positions which require that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Lighthouse does not believe its activities result in any uncertain tax positions.

Use of Estimates

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

Endowments of Not-for-Profit Organization

The Lighthouse records endowments in accordance with applicable accounting guidance which requires expanded disclosure for all endowment funds (see Note 7).

Recently Adopted Accounting Standard

In December 2008, the Financial Accounting Standards Board ("FASB") issued new guidance relating to employers' disclosures about postretirement benefit plan assets. Entities are required to disclose investment policies and strategies, major categories of plan assets, inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs (Level 3) on the change in plan assets for the period, and significant concentrations of risk within plan assets. The effect of the adoption of this new guidance in 2009 is included in Note 5.

In April 2009, the FASB issued new guidance related to fair value measurements and disclosures which provides additional guidance for determining whether a market for a financial asset or liability that historically was active is no longer active and whether transactions or quoted prices may not be determinative of fair value. This new guidance also provides additional guidelines on the major categories for which equity and debt securities disclosures are to be presented and amends existing disclosure requirements to require disclosure of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any, during the period. The adoption of this new guidance in 2009 did not impact the Lighthouse's financial position, net assets or cash flows.

(1) (continued)

In September 2009, the FASB issued new guidance related to Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) to certain investments in funds that do not have readily determinable fair values including private investments, hedge funds and other funds. This guidance allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The adoption of this new guidance in 2009 did not impact the Lighthouse's financial position, net assets or cash flows.

In April 2009, the FASB issued new guidance relating to not-for-profit business combinations that will apply prospectively to mergers with merger dates on or after December 15, 2009, and to acquisitions on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. This new guidance prescribes how to determine whether a combination is a merger or acquisition, how to account for each, and the disclosures that should be made. This guidance does not apply to formations of joint ventures, acquisitions of assets or a group of assets that do not constitute either a business or a non-profit acidity, a combination between not-for-profit entities under common control or transactions or other events where a not-for-profit entity obtains control of another entity but does not consolidate that entity. The adoption of this new guidance in 2009 did not impact Lighthouse's 2009 financial position, net assets or cash flows, as no such activities were executed in 2009.

In May 2009, the FASB issued new guidance related to subsequent events, establishing general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Entities are required to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected (see Note 13). The adoption of this guidance in 2009 did not impact Lighthouse's 2009 financial position, net assets or cash flows.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

(2) Contributions, Trusts and Legacies Receivable

At December 31, 2009 and 2008, trust receivables amounted to approximately $5,116,471 and $2,317,952, respectively. In addition, at December 31, 2009 and 2008, contributions and legacies receivable were expected to be collected as follows:

	2009	2008
Within one year	$ 2,498,882	$ 2,646,000
One to five years	391,620	81,000
	2,890,502	2,727,000
Allowance for doubtful accounts	-	(25,000)
Discount to present value (at rates ranging from 2.78% to 4.30%)	(8,550)	(2,744)
	$ 2,881,952	$ 2,699,256

(3) Investments

Investments at fair value consisted of the following at December 31, 2009 and 2008:

	2009		2008	
	Fair Value	Cost or Donated Value	Fair Value	Cost or Donated Value
Money market funds	$ 868,971	$ 868,971	$ 1,357,827	$ 1,357,827
Equities	8,331,893	7,319,690	6,204,820	7,293,593
Equity mutual funds	11,535,417	12,666,627	11,713,660	16,037,763
Fixed income	-	-	101,355	98,922
Fixed income mutual funds	6,061,416	5,811,475	4,374,162	4,521,981
Alternative investments:				
Marketable equity long/short	10,822,990	7,493,994	10,995,755	9,845,228
Marketable multistrategy	9,484,014	5,430,706	7,349,374	4,678,254
	$ 47,104,701	$ 39,591,463	$ 42,096,953	$ 43,833,568

	2009			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 868,971	$ -	$ -	$ 868,971
Equities	8,331,893	-	-	8,331,893
Equity mutual funds	11,535,417	-	-	11,535,417
Fixed income mutual funds	6,061,416	-	-	6,061,416
Alternative investments:				
Marketable equity long/short	-	-	10,822,990	10,822,990
Marketable multistrategy	-	-	9,484,014	9,484,014
	$ 26,797,697	$ -	$ 20,307,004	$ 47,104,701

(3) (continued)

	2008			
	Level 1	Level 2	Level 3	Total
Money market funds	$ 1,357,827	$ -	$ -	$ 1,357,827
Equities	6,204,820	-	-	6,204,820
Equity mutual funds	11,713,660	-	-	11,713,660
Fixed income	101,355	-	-	101,355
Fixed income mutual funds	4,374,162	-	-	4,374,162
Alternative investments:				
Marketable equity long/short	-	-	10,995,755	10,995,755
Marketable multistrategy	-	-	7,349,374	7,349,374
	$ 23,751,824	$ -	$ 18,345,129	$ 42,096,953

A reconciliation of Level 3 investments for the years ended December 31, 2009 and 2008 is as follows:

	2009		
	Marketable Equity Long/Short	Marketable Multistrategy	Total
Balance at December 31, 2008	$ 10,995,755	$ 7,349,374	$ 18,345,129
Purchases	-	2,010,830	2,010,830
Sales	(3,000,000)	(1,760,829)	(4,760,829)
Realized gains	648,766	502,451	1,151,217
Unrealized gains	2,178,469	1,382,188	3,560,657
Balance at December 31, 2009	$ 10,822,990	$ 9,484,014	$ 20,307,004

	2008		
	Marketable equity Long/Short	Marketable Multistrategy	Total
Balance at December 31, 2007	$ 12,431,457	$ 17,741,528	$ 30,172,985
Sales	(3,250,000)	(2,500,000)	(5,750,000)
Realized gains	8,936,226	1,403,382	10,339,608
Unrealized losses	(7,121,928)	(9,295,536)	(16,417,464)
Balance at December 31, 2008	$ 10,995,755	$ 7,349,374	$ 18,345,129

At December 31, 2009 and 2008, investments were categorized by the level of input as stipulated by the fair value hierarchy using the market value approach except for alternative investments. The fair value of alternative investments is determined by the Lighthouse's management for each investment based upon net assets values as provided by fund managers or general partner. The fair value of the underlying securities and other financial information of the alternative investments may involve estimates that require a degree of judgment. The financial statements of the funds are audited annually by independent auditors.

(3) (continued)

Alternative investments classified as Level 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of the Lighthouse's interest therein, its classification in Level 3 is based on the Lighthouse's ability to redeem its interest at or near the date of the balance sheet. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

Investment return for the years ended December 31, 2009 and 2008, consisted of the following:

	2009	2008
Interest and dividend income	$ 633,489	$ 1,022,817
Realized gains on investments	610,834	8,322,846
Unrealized gain (loss) in fair market value of investments	9,247,296	(26,586,046)
Investment and custodian fees	(205,604)	(204,764)
	$ 10,286,015	$ (17,445,147)

(4) Property, Plant and Equipment

Property, plant and equipment consisted of the following at December 31, 2009 and 2008:

	2009	2008
Buildings and building improvements	$ 44,196,443	44,158,936
Furniture, fixtures and equipment	12,292,653	12,130,702
	56,489,096	56,289,638
Less: accumulated depreciation and amortization	(32,020,759)	(29,733,177)
Land	353,490	353,490
	$ 24,821,827	$ 26,909,951

During 2009, management retired fully depreciated assets totaling $137,994. Depreciation expense totaled $2,292,255 and $2,369,391 for the years ended December 31, 2009 and 2008, respectively.

The building has been pledged as collateral under bond agreements (see Notes 8).

(5) Retirement Plan Benefits

Defined Benefit Plan

The Lighthouse had a noncontributory defined benefit pension plan (the "Plan") covering substantially all employees hired before July 31, 2004. This Plan was amended effective December 31, 2005, with all employees entitled to benefits earned at that point and subject to future vesting under the terms of the Plan for those not vested at that date. Certain employees who met certain requirements were grandfathered into the Plan and continued to be eligible participants in the Plan. The Plan was fully frozen on June 30, 2007.

The Plan provided pension benefits that are based on the highest average employee compensation for five consecutive years during the last ten years of employment. The Lighthouse's funding policy is to contribute to the Plan in accordance with the funding requirements of the Employee Retirement Income Security Act of 1974. The measurement date for the Plan is December 31.

Financial information regarding the Plan follows:

	2009	2008
Reconciliation of benefit obligation:		
Obligation at January 1	$ 36,699,561	$ 37,113,707
Interest cost	2,288,081	2,332,700
Actuarial loss (gain)	1,845,093	(345,072)
Benefit payments	(2,524,425)	(2,401,774)
Obligation at December 31	38,308,310	36,699,561
Reconciliation of fair value of Plan assets:		
Fair value of Plan assets at January 1	26,919,816	38,249,737
Actual return on Plan assets	5,402,445	(9,820,514)
Employer contributions	-	892,367
Benefit payments	(2,524,425)	(2,401,774)
Fair value of Plan assets at December 31	29,797,836	26,919,816
Components of accrued benefit costs:		
Funded status at December 31	$ (8,510,474)	$ (9,779,745)
Net amount recognized	$ (8,510,474)	$ (9,779,745)

Amounts recognized in the statements of financial position at December 31, 2009 and 2008 are as follows:

	2009	2008
Pension benefit liability	$ (8,510,474)	$ (9,779,745)

(5) (continued)

Other changes in pension benefit obligation recognized in unrestricted net assets at December 31, 2009 and 2008 are as follows:

	2009	2008
Net (gain) loss for period	$ (1,149,925)	$ 11,999,118
Amortization of net gain	(19,579)	-
	$ (1,169,504)	$ 11,999,118

The following table provides the components of the net periodic benefit cost of the Plan for the years ended December 31, 2009 and 2008:

	2009	2008
Interest cost	$ 2,288,081	$ 2,332,700
Expected return on Plan assets	(2,407,427)	(2,523,676)
Amortization of net loss	19,579	-
Net periodic benefit cost	$ (99,767)	$ (190,976)

The prior service cost is amortized on the straight-line basis over the average remaining service period of active participants. Gains and losses in excess of 10% of the greater of the benefit obligation and/or the fair value of assets are amortized over the average remaining service period of active participants.

Assumptions

The weighted-average assumptions used in the measurement of the benefit obligations are as follows:

	2009	2008
Discount rate	5.90%	6.55%
Expected return on Plan assets	8.00%	8.00%

The weighted average assumption used in the measurement of the net periodic cost for the years ended are as follows:

	2009	2008
Discount rate	6.55%	6.63%
Expected return on Plan assets	8.00%	8.00%

(5) (continued)

Investment Policy

Financial information regarding Plan assets follows:

	Allocations Target	Percentage of Plan Assets at December 31	
	2010	2009	2008
Plan assets:			
Equity securities	30% - 75%	52%	57%
Debt securities	25% - 40%	24%	18%
Other	10% - 35%	24%	25%

Fair Values of Plan Assets

The following table presents the Lighthouse's categorization of the assets of the pension plan within the fair value hierarchy as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Equity securities (a)	$ 15,331,131	$ -	$ -	$ 15,331,131
Debt securities (b)	6,190,375	-	-	6,190,375
Other (c)	3,569,440	-	4,706,890	8,276,330
	$ 25,090,946	$ -	$ 4,706,890	$ 29,797,836

a) Comprised of various equity securities which include U.S. large, mid-cap and small-cap equities.

b) Comprised of high yield debt and investment grade bonds.

c) Comprised of money market accounts, mutual funds and alternative investment funds.

The Lighthouse measures fair value using the market value approach for all investments except for alternative investments. Fair value of alternative investments is determine by the Lighthouse's management for each investment based upon net assets values as provided by fund managers or general partner. The fair value of the underlying securities and other financial information of the alternative investments may involve estimates that require a degree of judgment. The financial statements of the investee companies are audited annually by independent auditors.

(5) (continued)

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2009:

Balance at December 31, 2008	$ 3,902,247
Change in unrealized gain	804,643
Balance at December 31, 2009	$ 4,706,890

Contributions

The Lighthouse's required contribution to the Plan is $1,112,000 in 2010.

Estimated Future Benefit Payments

The following pension benefits, which reflect expected future services, as appropriate, are expected to be paid as follows:

Year ending December 31,	
2010	$ 2,556,929
2011	2,623,773
2012	2,659,804
2013	2,742,132
2014	2,774,132
Years 2015 – 2019	14,302,303

Defined contribution plan

Effective January 1, 2006, the Lighthouse instituted a defined contribution plan for its eligible employees. The costs for this plan amounted to $535,222 and $627,084 for the years ended December 31, 2009 and 2008, respectively.

(6) Temporarily Restricted Net Assets

The composition of temporarily restricted net assets for the years ended December 31, 2009 and 2008, follows:

	December 31, 2008	Fiscal 2009 Contributions and investment returns	Fiscal 2009 Net assets released from restrictions	December 31, 2009
Time restricted	$ 5,017,208	$ 5,325,495	$ (2,344,280)	$ 7,998,423
Purpose restricted:				
Rehabilitation services	543,460	295,116	(469,991)	368,585
Child Development Center	-	356,272	-	356,272
Low vision services	249,813	149,374	(87,100)	312,087
Career and youth services	528,216	545,264	(319,948)	753,532
Music and print access services	1,012,602	463,784	(97,699)	1,378,687
Research	1,246,271	352,244	(194,760)	1,403,755
Education and advocacy	204,915	121,634	(60,882)	265,667
	$ 8,802,485	$ 7,609,183	$ (3,574,660)	$ 12,837,008

	December 31, 2007	Fiscal 2008 Contributions and investment returns	Fiscal 2008 Net assets released from restrictions	December 31, 2008
Time restricted	$ 9,464,497	$ 791,210	$ (5,238,499)	$ 5,017,208
Purpose restricted:				
Rehabilitation services	470,707	634,547	(561,794)	543,460
Child Development Center	83,583	26,417	(110,000)	-
Low vision services	6,264	344,435	(100,886)	249,813
Career and youth services	915,645	(348,668)	(38,761)	528,216
Music and print access services	1,273,345	(150,546)	(110,197)	1,012,602
Research	1,650,286	(372,483)	(31,532)	1,246,271
Education and advocacy	480,144	(77,693)	(197,536)	204,915
	$ 14,344,471	$ 847,219	$ (6,389,205)	$ 8,802,485

(7) Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at December 31, 2009 and 2008:

	2009	2008
General operations	$ 15,115,081	$ 14,166,882
Rehabilitation services	500,000	449,226
Child Development Center	826,106	896,331
Career and youth services	861,577	639,884
Music and print access services	1,869,327	1,695,768
eSight	1,697,158	1,466,803
Research	300,000	300,000
	$ 21,169,249	$ 19,614,894

Earnings on permanently restricted net assets are to be used in support of operations or specified program initiatives as stipulated by the respective donor. The following table presents the activity relative to permanently restricted donor endowments:

	2009	2008
Endowment net assets, beginning of year	$ 19,614,894	$ 20,150,044
Contributions	350,000	100,000
Redesignation of permanently restricted net assets	(50,000)	-
Change in the split-interest agreement and beneficial interest in perpetual trust	1,254,355	(2,387,765)
Transfer of assets from The Associated Blind Inc.	-	1,752,615
Endowment net assets, end of year	$ 21,169,249	$ 19,614,894

The endowment is composed of 104 permanently restricted endowments and 15 perpetual trusts as of December 31, 2009 and 105 permanently restricted endowments and 12 perpetual trusts as of December 31, 2008. In the opinion of management, the Lighthouse did not have any individual endowment investments that were lower than the original donated amount.

(8) Bonds Payable

During fiscal year 1999, the Lighthouse issued $38,055,000 in tax-exempt term bonds and $11,535,000 in tax-exempt serial bonds (collectively, the “Series 1998W” bonds) through the New York City Industrial Development Agency (“IDA”) to refinance the Series 1992 bond issue and to finance the acquisition and installation of hardware and software related to the Lighthouse’s information systems. The Series 1992 bonds were to provide funds for the demolition, construction, acquisition, equipping and installation of a civic facility in New York City (the “Facility”). At December 31, 2009 and 2008, bonds outstanding, net of original issuance discount of $1,681,797 and $1,757,652, amounted to $39,453,203 and $40,322,348, respectively.

The Lighthouse is required to place six months of debt service principal and interest payments in a separate restricted account prior to June 30 and six months of interest prior to December 31 each year. Accordingly, the Lighthouse held $928,642 and $948,487 in this account at December 31, 2009 and 2008, respectively, which was invested in short-term investments and is reflected in the accompanying statements of financial position as funds held by trustee. On the first business day of each January, the IDA automatically retrieves those funds for debt interest. On the first business day of each July, the IDA automatically retrieves those funds for debt principal repayment and debt interest.

The Facility is owned by the Lighthouse and leased by the Lighthouse to the IDA and subleased by the IDA to the Lighthouse pursuant to a lease agreement (the “Agreement”). The Series 1998W bonds are payable by the IDA, through a third-party trustee, solely from the lease rentals payable by the Lighthouse pursuant to the Agreement. The Series 1998W bonds are secured by a security interest in the Lighthouse’s gross revenues. In addition, payment of the principal and interest on the Series 1998 bonds when due is insured. The Lighthouse entered into a third amendment to the Agreement, whereby a mortgage and security interest in the facility was granted to the third-party trustee. In connection with this amendment and granting of the mortgage, the Lighthouse’s covenant requiring a ratio of unrestricted marketable securities to outstanding bonds payable was reduced from 100% to 70%.

The Series 1998W serial bonds mature in various amounts, ranging from $750,000 to $1,070,000 per year, through 2012. The $7,540,000, $8,035,000 and $22,480,000 Series 1998W term bonds are due July 1, 2018, 2023 and 2033, respectively. The nominal interest rates attributable to the Series 1998W serial bonds range from 3.35% to 4.5%. The nominal interest rates attributable to the Series 1998W term bonds are 4.625% (2018) and 4.5% (2023 and 2033).

The Lighthouse uses quoted market prices in estimating the fair value of the 1998W bonds. The fair value of 1998W several bond’s was $39,762,174 and $41,702,933, respectively, at December 31, 2009 and 2008. Fair value of long-term debt was determined using the market approach.

(8) (continued)

Scheduled amounts to be deposited in the debt service reserve fund for principal are as follows:

Period ending December 31,	
2010	$ 985,000
2011	1,025,000
2012	1,070,000
2013	1,120,000
2014	1,170,000
Thereafter	35,765,000
Total principal	41,135,000
Net original discount	(1,681,797)
	$ 39,453,203

(9) Allocation of Joint Costs

For the years ended December 31, 2009 and 2008, the Lighthouse incurred joint costs of $1,237,961 and $1,413,685, respectively, for programmatic information materials and activities that also included fund-raising appeals. Of these amounts, the Lighthouse allocated $882,465 and $1,168,708 to fund-raising expense and $355,496 and $244,977 to program expenses, respectively.

(10) Government Grants and Contracts

Government grants and contracts consisted of the following for the years ended December 31, 2009 and 2008:

	2009	2008
Research grants	$ 485,351	$ 471,015
Direct services contracts	1,668,348	2,816,997
Fees for educational services	2,620,445	2,394,361
	$ 4,774,144	$ 5,682,373

(11) Commitments and Contingencies

Leases

The Lighthouse is a party to various noncancelable operating lease agreements for the rental of office space and equipment. In some cases, these leases contain requirements for the Lighthouse to pay certain operating costs. Future minimum rental commitments on such leases are as follows:

Year ending December 31,	
2010	$ 760,528
2011	752,260
2012	474,511
	$ 1,987,299

Rent expense totaled $915,507 and $949,325 for the years ended December 31, 2009 and 2008, respectively.

In connection with an expense reduction plan, the Lighthouse closed a facility leased in Queens effective June 30, 2004. The lease in Queens runs until August 2012. The Lighthouse subleased this space effective July 2004 until August 2012 at a rate below its cost. The net present value of the future net outflows relating to the Queens lease was $326,342 and $437,446 at December 31, 2009 and 2008, respectively. This amount, plus a deferred rent liability (which is included in accounts payable and accrued expenses in the accompanying statement of financial position) recorded in prior years, totaled $805,397 and $1,001,160 at December 31, 2009 and 2008, respectively, and is being amortized over the remaining lease term. Future rental income expected under these leases is as follows:

Year ending December 31,	
2010	$ 2,247,017
2011	2,034,296
2012	676,903
2013	315,521
2014	328,142
Thereafter	810,513
	$ 6,412,392

Litigation

The Lighthouse is subject to various legal proceedings and claims that arise in the ordinary course of business. Liabilities, if applicable, are accrued when it is probable that related costs will be incurred and can be reasonably estimated. Given the nature of matters involved, it is possible that liabilities will be incurred in excess of amounts currently recorded; however, based upon available information, management believes that the ultimate liability with respect to these matters is not material to the financial position, changes in net assets or cash flows of the Lighthouse.

(12) Related Parties

A member of the Board of Directors of Lighthouse International is a partner at a law firm which provides certain legal services which approximate market value. Legal fees paid to this firm were approximately $175,000 and $184,000 for fiscal years ended 2009 and 2008, respectively.

(13) Subsequent Events

The Lighthouse evaluated its December 31, 2009 financial statements for subsequent events through May 26, 2010, the date the financial statements were issued. The Lighthouse is not aware of any subsequent events which would require recognition or disclosure in the accompanying financial statements except for the following transaction:

In January 2010, the Lighthouse became the sole member of the National Association for the Visually Handicapped ("NAVH") and acquired the related assets and liabilities of NAVH. The unaudited net assets of NAVH totaled approximately $504,000 at the time of the acquisition.