

2007 and 2006 Financial Statements

**Lighthouse Counseling Center,
Inc.**

Montgomery, Alabama

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SHAREHOLDERS

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Independent Accountants' Report

Board of Directors
Lighthouse Counseling Center, Inc.
Montgomery, Alabama

We have audited the accompanying statements of financial position of Lighthouse Counseling Center, Inc., as of September 30, 2007 and 2006, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Lighthouse Counseling Center, Inc.'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Counseling Center, Inc. as of September 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2007 on our consideration of Lighthouse Counseling Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Lighthouse Counseling Center, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Albridge, Borden and Company, P.C.

December 19, 2007

Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2007 and 2006

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Statements of Financial Position

Lighthouse Counseling Center, Inc.
 Montgomery, Alabama
 As of September 30

	2007	2006
Assets		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 376,376	\$ 296,887
Grants receivable	296,947	370,936
Other receivable	5,204	6,450
Deposits	2,000	450
Prepaid expenses	23,089	31,690
Total current assets	703,616	706,413
<i>Fixed assets:</i>		
Transportation equipment	179,132	200,799
Office equipment	276,931	366,356
Building and leasehold improvements	627,289	604,767
Land	76,907	76,907
Less: accumulated depreciation	(397,053)	(408,351)
Net fixed assets	763,206	840,478
Total assets	1,466,822	1,546,891
Liabilities and net assets		
<i>Current liabilities:</i>		
Accounts payable	48,408	78,345
Payroll tax liabilities and other accrued expenses	29,681	48,813
Current maturities of long-term debt	23,814	22,292
Total current liabilities	101,903	149,450
Long-term debt	238,752	261,870
Total liabilities	340,655	411,320
<i>Net assets:</i>		
<i>Unrestricted:</i>		
Net assets-undesignated	578,729	583,010
Net assets-designated	350,000	350,000
Net assets-temporarily restricted	197,438	202,561
Total net assets	1,126,167	1,135,571
Total liabilities and net assets	\$ 1,466,822	\$ 1,546,891

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

Statement of Activities and Changes in Net Assets

Lighthouse Counseling Center, Inc.

Montgomery, Alabama

For the year ended September 30, 2007

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Contributions	\$ 42,150		\$ 42,150
Client services fees	27,577		27,577
River Region United Way	129,221		129,221
Montgomery Mental Health Authority	25,200		25,200
Montgomery County Commission	38,191		38,191
Department of Public Health	52,197		52,197
State employees insurance benefits	1,403		1,403
Medicaid	10,909		10,909
Housing and Urban Development	716,298		716,298
Alabama Crime Victims Compensation Commission	34,071		34,071
Alabama Department of Economic and Community Affairs	115,548		115,548
Department of Mental Health and Mental Retardation	640,768		640,768
Department of Health and Human Services	391,837		391,837
Rent income	62,416		62,416
Interest income	5,334		5,334
Miscellaneous income	3,710		3,710
Net assets released from restriction	5,123	\$ (5,123)	
Total revenue and other support	2,301,953	(5,123)	2,296,830
Expenses and losses			
Program services	2,082,669		2,082,669
Supporting services:			
Management and general	167,967		167,967
Fundraising	860		860
Total expenses	2,251,496		2,251,496
Loss on disposal of assets	54,738		54,738
Total expenses and losses	2,306,234		2,306,234
Change in net assets	(4,281)	(5,123)	(9,404)
Net assets - beginning of year	933,010	202,561	1,135,571
Net assets - end of year	\$ 928,729	\$ 197,438	\$ 1,126,167

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

Statement of Activities and Changes in Net Assets

Lighthouse Counseling Center, Inc.

Montgomery, Alabama

For the year ended September 30, 2006

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Contributions	\$ 18,715		\$ 18,715
Client services fees	22,722		22,722
Children's trust fund	5,000		5,000
River Region United Way	100,559		100,559
Montgomery Mental Health Authority	25,200		25,200
Montgomery County Commission	38,193		38,193
Department of Public Health	55,674		55,674
Department of Justice	3,385		3,385
State employees insurance benefits	4,866		4,866
Medicaid	23,571		23,571
Housing and Urban Development	635,661		635,661
Alabama Crime Victims Commission	38,062		38,062
Alabama Department of Economic and Community Affairs	136,515		136,515
Department of Mental Health and Mental Retardation	648,279		648,279
Department of Health and Human Services	806,216		806,216
The University of Alabama Birmingham	2,500		2,500
Rent income	70,914		70,914
Interest income	6,707		6,707
Miscellaneous income	18,998		18,998
Net assets released from restriction	5,123	\$ (5,123)	
Total revenue and other support	2,666,860	(5,123)	2,661,737
Expenses and losses			
Program services	2,646,917		2,646,917
Supporting services:			
Management and general	132,975		132,975
Fundraising	112		112
Total expenses	2,780,004		2,780,004
Loss on disposal of assets	6,712		6,712
Total expenses and losses	2,786,716		2,786,716
Change in net assets	(119,856)	(5,123)	(124,979)
Net assets - beginning of year	1,052,866	207,684	1,260,550
Net assets - end of year	\$ 933,010	\$ 202,561	\$ 1,135,571

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

Statement of Functional Expenses

Lighthouse Counseling Center

Montgomery, Alabama

For the year ended September 30, 2007

	Program Services			
	Prevention Program	Chemical Dependency Recovery	Housing and Urban Development	Standing Together Against Rape
Salaries	\$ 50,618	\$ 311,962	\$ 128,453	\$ 134,729
Payroll taxes and employee benefits	15,692	81,908	34,712	35,780
Total salaries and benefits	66,310	393,870	163,165	170,509
Advertising	521	1,476	2,634	3,497
Bad debt expense		24,229	7,048	
Board meeting expense	24	714	485	1,371
Building maintenance and repair	632	5,488	16,156	
Childcare services			36,735	
Computer support services	429	3,428	893	1,178
Conference registration	728	1,905	996	491
Depreciation expense	985	13,203	28,643	5,756
Equipment maintenance and repair	138	1,953	3,563	885
Fundraising supplies				
Insurance expense	2,742	22,606	19,135	5,485
Interest expense	343	2,811	617	
Kitchen expenses/supplies	55	474	102	91
Legal and accounting	1,380	4,930	5,324	1,578
Meals and lodging	685	1,778	639	265
Miscellaneous expense	123	287	6,117	765
Office equipment leased	334	2,812	613	2,510
Office supplies and expense	1,326	6,391	1,652	2,721
Organization dues	48	3,695	5,237	1,706
Outside services	198	1,835	910	610
Postage and shipping	190	527	978	919
Prevention	960			
Printing and publications	502	983	1,676	986
Professional contract fees	180			30,784
Program client assistance			34,210	20
Program supplies	5,417	4,863	4,760	6,481
Rent		400	289,783	27,000
Recreational and social activities		92		
Retirement administration expense	253	1,145	543	580
SAYNO, Inc.				
Telephone	654	4,910	33,483	7,376
Travel and van expense	2,184	10,181	4,375	5,801
Utilities	627	5,810	88,382	80
Total expenses	\$ 87,968	\$ 522,796	\$ 758,854	\$ 279,445

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

		Supporting Services		Total
Kaleidoscope	New Beginnings	Management and General	Fundraising	2007
\$ 10,108	\$ 152,786	\$ 38,102		\$ 826,758
2,693	39,212	12,700		222,697
12,801	191,998	50,802		1,049,455
108	1,613			9,849
		583		31,860
	732	5,077		8,403
66	1,724	4,627		28,693
6,680	15,130			58,545
10	894	1,857		8,689
	649	993		5,762
	7,685	12,604		68,876
7	2,312	997		9,855
			\$ 860	860
175	10,988	17,696		78,827
20	891	17,564		22,246
2	147	286		1,157
3,550	2,958			19,720
	1,868	26		5,261
	149	9,915		17,356
5	883	2,213		9,370
79	1,737	5,496		19,402
	119	1,578		12,383
1,311	516	2,679		8,059
	456	47		3,117
				960
	867	212		5,226
	126,762	8,820		166,546
48	7,077			41,355
12	1,537			23,070
9,493				326,676
	74	617		783
75	559	285		3,440
1,913	1,770	4,987		55,093
407	7,577	8,775		39,300
5,572	1,600	9,231		111,302
\$ 42,334	\$ 391,272	\$ 167,967	\$ 860	\$ 2,251,496

Statement of Functional Expenses

Lighthouse Counseling Center
Montgomery, Alabama

For the year ended September 30, 2006

	Program Services			
	Prevention Program	Chemical Dependency Recovery	Housing and Urban Development	Standing Together Against Rape
Salaries	\$ 42,873	\$ 305,561	\$ 123,998	\$ 162,427
Payroll taxes and employee benefits	9,307	75,527	32,376	39,831
Total salaries and benefits	52,180	381,088	156,374	202,258
Advertising	1,371	2,698	4,583	2,730
Bad debt expense		15,193	6,321	
Board meeting expense	434	447	1,337	752
Building maintenance and repair	525	7,829	2,123	65
Childcare services			60,245	
Computer support services	656	3,335	1,203	1,720
Conference registration	340	1,983	759	764
Depreciation expense	961	14,206	17,873	7,796
Equipment maintenance and repair	156	5,378	3,203	750
Fundraising supplies				
Insurance expense	1,802	24,041	15,997	5,048
Interest expense	210	2,798	559	
Kitchen expenses/supplies	144	1,738	471	
Legal and accounting	1,289	4,603	4,971	1,473
Meals and lodging	972	2,728	962	731
Miscellaneous expense	45	728	711	30
Office equipment leased	417	3,061	597	3,252
Office supplies and expense	466	7,802	1,190	4,249
Organization dues	190	4,058	5,383	2,421
Outside services	85	1,461	268	996
Postage and shipping	65	246	256	1,080
Prevention	4,250			
Printing and publications	292	1,072	499	814
Professional contract fees			750	14,025
Program client assistance		2,924	51,567	
Program supplies	2,335	7,706	4,493	9,195
Rent		4,800	282,272	26,900
Recreational and social activities				
Retirement administration expense	138	1,204	482	619
SAYNO, Inc.	30,495			
Telephone	431	6,608	31,697	6,571
Travel and van expense	2,609	14,493	6,290	3,800
Utilities	352	7,024	88,179	
Total expenses	\$ 103,210	\$ 531,252	\$ 751,615	\$ 298,039

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

		Supporting Services		Total
Kaleidoscope	New Beginnings	Management and General	Fundraising	2006
\$ 117,422	\$ 117,201	\$ 35,663		\$ 905,145
31,086	25,512	10,572		224,211
148,508	142,713	46,235		1,129,356
2,336	1,670	638		16,026
				21,514
8	392	5,473		8,843
3,339	2,196	6,727		22,804
98,410	12,490			171,145
1,094	1,094	1,915		11,017
274		1,233		5,353
9,082	11,071	11,536		72,525
2,131	1,124	2,100		14,842
			\$ 112	112
16,710	6,529	15,236		85,363
15,774	769	2,587		22,697
40	306	1,257		3,956
3,315	2,761			18,412
2,059	1,358	414		9,224
550	555	8,904		11,523
	821	2,495		10,643
964	1,754	6,826		23,251
231	192	1,497		13,972
2,728	264	864		6,666
271	197	61		2,176
31,000				35,250
539	582	384		4,182
79,204	150,378			244,357
4,791	36,727			96,009
3,010	4,515			31,254
79,426				393,398
		1,050		1,050
482	378	138		3,441
				30,495
12,593	1,754	4,515		64,169
6,157	14,729	6,667		54,745
39,166	1,290	4,223		140,234
\$ 564,192	\$ 398,609	\$ 132,975	\$ 112	\$ 2,780,004

Statements of Cash Flows

Lighthouse Counseling Center, Inc.
 Montgomery, Alabama
 For the year ending September 30

	2007	2006
Cash flows from operating activities		
Change in net assets	\$ (9,404)	\$ (124,979)
Adjustments to reconcile change in assets to net cash from operating activities:		
Depreciation	68,876	72,526
Loss on disposition of fixed assets	54,738	6,712
Changes in operating assets and liabilities:		
Receivables	75,235	(27,530)
Prepaid expenses	8,601	(7,794)
Deposits	(1,550)	
Accounts payable and accrued expenses	(49,069)	34,866
Net cash from operating activities	147,427	(46,199)
Cash flows from investing activities		
Fixed asset purchases	(46,343)	(23,919)
Net cash from investing activities	(46,343)	(23,919)
Cash flows from financing activities		
Principal payments on debt obligations	(21,595)	(20,474)
Net cash from financing activities	(21,595)	(20,474)
Net change in cash equivalents	79,489	(90,592)
Cash and cash equivalents - beginning of year	296,887	387,479
Cash and equivalents - end of year	\$ 376,376	\$ 296,887

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

Notes to the Financial Statements

Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2007 and 2006

Note 1 – Summary of Significant Accounting Policies

Nature of Operations – Lighthouse Counseling Center, Inc. (the “Center”) is a United Way Agency that provides counseling and other social services to needy residents of Montgomery, Alabama and the surrounding areas. Services provided by the Center include programs relating to chemical dependency recovery and prevention, forensic rape exams, rape counseling and assistance, HIV prevention/education and housing and urban development.

Basis of Accounting – The financial statements of the Center have been prepared on the accrual basis of accounting.

Financial Statement Presentation – Professional standards establish guidelines for external financial reporting by not-for-profit organizations and require resources to be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The three classes of net assets are:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Center (e.g., performing program services) and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that may be maintained permanently by the Center.

Cash and Cash Equivalents – All investments purchased with a maturity of three months or less are considered to be cash equivalents.

Accounts Receivable – Receivables are granted on an unsecured basis and are stated at gross amounts due from clients. Because historical losses related to these receivables have been insignificant, management uses the direct write-off method to account for bad debts. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against earnings. Receivables are deemed to be uncollectible after ninety days.

Property and Equipment – Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed by using the straight-line method over their estimated useful lives as determined at the date of purchase as follows:

Transportation equipment	5-10 years
Office equipment	5-10 years
Building and leasehold improvements	10-40 years

Repairs and maintenance are charged to expenses as incurred and major renewals or betterments are capitalized.

Advertising Costs – The Center expenses all advertising costs as incurred. For the years ended September 30, 2007 and 2006, advertising costs totaled \$9,849 and \$16,026, respectively.

Notes to the Financial Statements (Continued)
Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2007 and 2006

Note 1 – Summary of Significant Accounting Policies (Continued)

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants and Contracts – Support received under grants and contracts is recorded when the related amounts are determined to be due from the grantor agencies. Management considers all amounts to be collectible.

Expense Allocation – The costs of providing various programs and other activities have been summarized, on a functional basis, in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – Lighthouse Counseling Center, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Significant 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification – Certain reclassifications have been made to the 2006 figures to conform to the current year presentation.

Note 2 – Fixed Assets

The Center's property and equipment consisted of the following as of September 30:

	2007		2006	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Transportation equipment	\$ 179,132	\$ 72,820	\$ 200,799	\$ 77,955
Office equipment	276,931	138,716	366,356	157,629
Building and leasehold improvements	627,289	185,517	604,767	172,767
Land	76,907		76,907	
	<u>\$ 1,160,259</u>	<u>\$ 397,053</u>	<u>\$ 1,248,829</u>	<u>\$ 408,351</u>

Depreciation for the years ending September 30, 2007 and 2006 totaled \$68,876 and \$72,525, respectively. Of these amounts, \$3,578 and \$3,578, respectively, represent reductions of temporarily restricted net assets as it relates to the building purchased with donor restricted funds (see note 7).

Notes to the Financial Statements (Continued)
Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2007 and 2006

Note 3 – Debt

Long-term debt consisted of the following at September 30:

	<u>2007</u>	<u>2006</u>
Mortgage payable-Aliant Bank with monthly installments of \$1,657, bearing interest at a variable rate of 3.25% above the average yield of U. S. Treasury Securities, the rate at September 30, 2007 was 8.25% and the rate at September 30, 2006 was 7.65%, matures January 1, 2012, secured by building and lot with a book value of \$213,448.	\$ 76,858	\$ 91,447
Note payable-Aliant Bank through the Alabama Special Care Facilities Authority of the City of Montgomery, Alabama with monthly installments of \$1,853, bearing interest at a rate of 8.00%, maturing August 1, 2021. The Center has guaranteed repayment of the debt.	<u>185,708</u>	<u>192,715</u>
Total	\$ 262,566	\$ 284,162
Less current maturities	<u>(23,814)</u>	<u>(22,292)</u>
Total long-term debt	<u>\$ 238,752</u>	<u>\$ 261,870</u>

The scheduled maturities of long-term debt outstanding are summarized as follows for the years ending September 30:

2008	\$ 23,814
2009	25,318
2010	26,920
2011	28,628
2012	17,097
Thereafter	<u>140,789</u>
	<u>\$ 262,566</u>

Note 4 – Retirement Plan

Lighthouse Counseling Center, Inc. has a 401(k) plan. The eligibility requirements are employees age 21 and over are eligible to participate following completion of one year of service. The 401(k) plan allows the employee to voluntarily elect to defer a percentage of his/her salary, and the employer will match that percentage up to 3%. During the fiscal years ending September 30, 2007 and 2006, employer plan contributions totaled \$10,812 and \$10,148, respectively.

Note 5 – Leases

The Center leases space in a building located at 1231 Perry Hill Road for its Standing Together Against Rape program. The annual rental payment is scheduled to be \$ 27,000 and

Notes to the Financial Statements (Continued)
Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2007 and 2006

Note 5 – Leases (Continued)

\$27,000 for the fiscal years ended 2007 and 2006, respectively. The lease ends December 31, 2008.

The Center leases office equipment under operating leases. Rental expense related to the aforementioned operating leases totaled \$9,369 and \$10,500 during the years ended September 30, 2007 and 2006, respectively. The estimated future minimum rental commitments under the operating leases are \$3,381 and \$3,227 for the years ended September 30, 2007 and 2006, respectively.

The Center has leases for various apartment complexes located in Montgomery, Alabama in connection with its HUD and New Beginnings programs. The leases are contracted on an annual basis. The expected amount of lease expense for the year ended September 30, 2008 with regard to these lease commitments is approximately \$324,000. The rent expense associated with these leases is reflected as rent expense in the Statements of Functional Expenses. Likewise, rental income reflected on the Statement of Activities represents income received from tenants that benefit from the HUD program.

Note 6 – Designated Net Assets

As of September 30, 2007 and 2006, the Finance Committee of the Board of Directors designated net assets of \$350,000 as follows:

Program expansion	\$ 250,000
Building remodeling	100,000
Total	<u>\$ 350,000</u>

Note 7 – Restricted Net Assets

Temporarily restricted net assets consist of funds received from the Alabama Mental Health Finance Authority in March of 1996 to acquire a building for \$159,018. In consideration thereof, the Center agreed that its facility would be used solely for the purpose of providing mental health, retardation, and/or substance abuse services. Failure to meet this provision would result in the repayment of the funds.

The amount of restricted net assets is comprised of a building with a cost of \$159,018. In addition, two vans were purchased during the fiscal year ended September 30, 2005 with grant funds that are restricted for a five year depreciable period. The amount that is restricted at September 30, 2007 is \$38,420.

Note 8 – Concentration of Credit Risk

The Center maintains its cash balances at one financial institution located in Montgomery, Alabama. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances aggregate to \$294,250 and \$196,647 at September 30, 2007 and 2006, respectively. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Notes to the Financial Statements (Continued)
Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2007 and 2006

Note 9 – Cash Flow Information

During the year ended September 30, 2007, the Center donated fixed assets to another non-profit organization in a noncash operating transaction. The book value of the donated fixed assets was \$54,738. Interest paid for the years ended September 30, 2007 and 2006 was \$22,246 and \$22,696, respectively.

Note 10 – Economic Dependence and Contingencies

The Center's income depends upon continuation of United Way support, other grants and contracts from state and local agencies, federal grants administered by the Alabama Department of Human Resources, the Alabama Department of Mental Health and Mental Retardation, the Substance Abuse and Mental Health Services Administration, and the Department of Housing and Urban Development. The Center is subject to audits from the various funding sources and federal oversight agency. Expenditures may be considered disallowed and could result in amounts being required to be reimbursed or termination of the program. At September 30, 2007 and 2006, the Center's accounts receivable are comprised monies due from these various agencies.

The Center has been named as a defendant in one lawsuit and one EEOC claim brought by former employees alleging race discrimination and other matters. No specific amount of damages have been requested in the complaints and no damage calculations or demands have been received. The Center has indicated that it considers these charges to be wholly without merit and that it intends to defend these claims. Additionally, the Center has employment practices insurance to cover these claims.

Supplemental Information

Schedule of Expenditures of Federal Awards

Lighthouse Counseling Center, Inc.
Montgomery, Alabama

For the year ended September 30, 2007

Grantor Agency	Program Title	Grant Id#	CFDA #	Expenditures
United States Department of Health and Human Services	Passed through State of Alabama Department of Mental Health and Mental Retardation	C7-1203-24	93.959	\$ 640,768
				\$ 640,768
Total Department of Mental Health and Mental Retardation				
Passed through State of Alabama Department of Public Health	Sex Offenses Prevention and Crisis Projects Rape Prevention and Education	C70119029	93.126	\$ 52,198
				\$ 52,198
Total Department of Public Health				
Direct Funding	Services Grant Program for Residential Treatment for Pregnant and Postpartum Women	H79 TI16048-3 H79 TI16647-02-3	93.243 93.243	\$ 34,993
				\$ 356,844
Total Substance Abuse and Mental Health Services Administration				\$ 391,837
Total Department of Health and Human Services				\$ 1,084,803
United States Department of Justice	Passed through State of Alabama Department of Economic and Community Affairs	05 WF VS 020 05 VA SA 012	16.588 16.575	\$ 27,447
				\$ 88,101
				\$ 115,548
Total Department of Justice				

Schedule of Expenditures of Federal Awards (Continued)

Lighthouse Counseling Center, Inc.
 Montgomery, Alabama
 For the year ended September 30, 2007

Grantor Agency	Program Title	Grant Id#	CFDA #	Expenditures
United States Department of Housing and Urban Development				
Direct Funding	Supportive Housing Program	ALB09B5-04008	14.235	\$ 167,918
		AL09B5-04005	14.235	195,687
		AL09B3-04001	14.235	<u>352,693</u>
Total Department of Housing and Urban Development				\$ 716,298
Total Expenditures of Federal Awards				\$ <u>1,916,649</u>

Notes to Schedule-

1. Lighthouse Counseling Center, Inc., follows the accrual basis of accounting in preparing this schedule. The information in this schedule is presented in accordance with the requirements of the OMB Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. This method is consistent with the preparation of the Center's financial statements.
2. The Center did not have any non-cash awards during the fiscal year.

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Independent Accountants' Report on Compliance with Requirements Applicable to Each
Major Federal Program and on Internal Control over Compliance in Accordance with OMB
Circular A-133

Board of Directors
Lighthouse Counseling Center, Inc.
Montgomery, Alabama

Compliance

We have audited the compliance of Lighthouse Counseling Center, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2007. Lighthouse Counseling Center Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Lighthouse Counseling Center, Inc.'s management. Our responsibility is to express an opinion on Lighthouse Counseling Center Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lighthouse Counseling Center, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lighthouse Counseling Center, Inc.'s compliance with those requirements.

In our opinion, Lighthouse Counseling Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

Internal Control Over Compliance

The management of Lighthouse Counseling Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lighthouse Counseling Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lighthouse Counseling Center, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albridge, Borden and Company, P.C.

December 19, 2007

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Independent Accountants' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Directors
Lighthouse Counseling Center, Inc.
Montgomery, Alabama

We have audited the financial statements of Lighthouse Counseling Center, Inc. as of and for the year ended September 30, 2007, which collectively comprise the Lighthouse Counseling Center's basic financial statements and have issued our report thereon dated December 19, 2007. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Lighthouse Counseling Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lighthouse Counseling Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lighthouse Counseling Center, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Lighthouse Counseling Center, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Lighthouse Counseling Center, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Lighthouse Counseling Center, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lighthouse Counseling Center, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lighthouse Counseling Center Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Albridge, Borden and Company, P.C.

December 19, 2007

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Independent Accountants' Report on Compliance with Department of Mental
Health/Mental Retardation Contract

Board of Directors
Lighthouse Counseling Center, Inc.
Montgomery, Alabama

We have audited contract/grant/agreement number G7-1203-24 between the Department of Mental Health/Mental Retardation (DMH/MR) and Lighthouse Counseling Center, Inc. as of and for the year ended September 30, 2007.

Compliance with DMH/MR contract/grant/agreement, and all laws, rules, and regulations applicable to Lighthouse Counseling Center, Inc. is the responsibility of Lighthouse Counseling Center, Inc.'s management. As part of obtaining reasonable assurance about whether the contract/grant/agreement, and all applicable laws, rules, and regulations were complied with, we performed certain tests of transactions and made other determinations as outlined in each requirement of Section 12, Audit for Compliance with Contract, of the DMH/MR Audit Guidelines. Revenues and expenditures were analyzed to determine if they were in compliance with applicable terms and conditions of the contract/grant/agreement.

The results of our tests disclosed no material instances of noncompliance with the DMH/MR contract/grant/agreement and all applicable laws, rules, and regulations.

This report is intended for the information of management and DMH/MR. However, this report is a matter of public record and is not limited.

Aldridge, Borden and Company, P.C.

December 19, 2007

Schedule of Findings and Questioned Costs

Lighthouse Counseling Center, Inc.
Montgomery, Alabama
For the year ended September 30, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Any material weakness(es) identified?

Yes No

Any significant deficiencies identified not considered to be material weaknesses?

Yes None reported

Any noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal Control over major programs:

Any material weakness(es) identified?

Yes No

Any significant deficiencies identified not considered to be material weaknesses?

Yes None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

Yes No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

14.235

Supportive Housing Program

93.959

Block Grant for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

**Schedule of Findings and Questioned Costs
Lighthouse Counseling Center, Inc.
Montgomery, Alabama
For the year ended September 30, 2007**

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.

Summary of Prior Audit Findings

Lighthouse Counseling Center, Inc.

Montgomery, Alabama

For the year ended September 30, 2007

Auditor Reference

Number

05-01 Fully corrected.

06-01 Fully corrected.

