

2008 and 2007 Financial Statements

**Lighthouse Counseling Center,
Inc.**

Montgomery, Alabama

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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, 2008 and 2007, 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, 2008 and 2007, 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 January 4, 2009, 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 grant agreements and other matters. 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 important for 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.

January 4, 2009

**Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2008 and 2007**

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Statements of Financial Position

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

	2008	2007
Assets		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 377,190	\$ 376,376
Grants receivable	274,034	296,947
Other receivable	16,576	5,204
Deposits	2,000	2,000
Prepaid expenses	23,089	23,089
Total current assets	692,889	703,616
<i>Fixed assets:</i>		
Transportation equipment	165,313	179,132
Office equipment	314,266	276,931
Building and leasehold improvements	653,794	627,289
Land	76,907	76,907
Less: accumulated depreciation	(441,626)	(397,053)
Net fixed assets	768,654	763,206
Total assets	1,461,543	1,466,822
Liabilities and net assets		
<i>Current liabilities:</i>		
Accounts payable	54,822	48,408
Payroll tax liabilities and other accrued expenses	40,708	29,681
Current maturities of long-term debt	25,317	23,814
Total current liabilities	120,847	101,903
Long-term debt	213,414	238,752
Total liabilities	334,261	340,655
<i>Net assets:</i>		
Unrestricted:		
Net assets-undesignated	584,967	578,729
Net assets-designated	350,000	350,000
Net assets-temporarily restricted	192,315	197,438
Total net assets	1,127,282	1,126,167
Total liabilities and net assets	\$ 1,461,543	\$ 1,466,822

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, 2008

	Unrestricted	Temporarily Restricted	Total
Revenues and other support			
Contributions	\$ 87,640		\$ 87,640
Client services fees	30,008		30,008
River Region United Way	117,026		117,026
Montgomery Mental Health Authority	25,200		25,200
Montgomery County Commission	47,740		47,740
State of Alabama	50,000		50,000
Department of Public Health	48,468		48,468
State employees insurance benefits	65		65
Medicaid	8,590		8,590
Housing and Urban Development	610,501		610,501
Alabama Crime Victims Compensation Commission	29,763		29,763
Alabama Department of Economic and Community Affairs	139,287		139,287
Department of Mental Health and Mental Retardation	630,844		630,844
Department of Health and Human Services	429,674		429,674
Rent income	75,638		75,638
Interest income	4,193		4,193
Miscellaneous income	27,141		27,141
Net assets released from restriction	5,123	\$ (5,123)	
Total revenue and other support	2,366,901	(5,123)	2,361,778
Expenses and losses			
Program services	2,167,539		2,167,539
Supporting services:			
Management and general	183,366		183,366
Fundraising	6,105		6,105
Total expenses	2,357,010		2,357,010
Loss on disposal of assets	3,653		3,653
Total expenses and losses	2,360,663		2,360,663
Change in net assets	6,238	(5,123)	1,115
Net assets - beginning of year	928,729	197,438	1,126,167
Net assets - end of year	\$ 934,967	\$ 192,315	\$ 1,127,282

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 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
The University of Alabama			
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 Functional Expenses

Lighthouse Counseling Center

Montgomery, Alabama

For the year ended September 30, 2008

	Program Services			
	Prevention Program	Chemical Dependency Recovery	Housing and Urban Development	Standing Together Against Rape
Salaries	\$ 62,239	\$ 344,043	\$ 155,176	\$ 152,338
Payroll taxes and employee benefits	17,251	95,266	44,461	42,627
Total salaries and benefits	79,490	439,309	199,637	194,965
Advertising	630	1,970	2,914	3,866
Bad debt expense	13,643		4,497	
Board meeting expense	191	937	1,066	2,240
Building maintenance and repair	901	6,924	2,302	1,706
Childcare services			11,015	
Computer support services	486	3,889	974	1,462
Conference registration	915	1,911	383	146
Depreciation expense	1,364	16,309	13,921	2,774
Equipment maintenance and repair	113	2,122	4,805	840
Fundraising supplies				
Insurance expense	2,314	19,305	16,400	5,228
Interest expense	255	2,091	459	
Kitchen expenses/supplies	19	159	55	2
Legal and accounting	4,136	11,521	1,772	4,727
Meals and lodging	2,426	2,199	565	940
Miscellaneous expense	74	266	502	151
Office equipment leased	408	3,343	734	1,365
Office supplies and expense	1,529	8,996	6,279	5,765
Organization dues	44	6,023	5,456	472
Outside services	136	1,119	6,761	888
Postage and shipping	334	1,024	1,130	714
Prevention				
Printing and publications	809	1,680	2,102	1,171
Professional contract fees			4,455	32,289
Program client assistance		50	48,962	
Program supplies	10,295	1,963	7,701	4,108
Rent	2,250		285,641	24,800
Recreational and social activities		176		
Retirement administration expense	161	942	457	430
SAYNO, Inc.				
Telephone	660	4,487	34,388	8,044
Travel and van expense	2,033	13,452	7,175	5,820
Utilities	763	6,259	86,274	
Total expenses	\$ 126,379	\$ 558,426	\$ 758,782	\$ 304,913

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

	Supporting Services		Total
New Beginnings	Management and General	Fundraising	2008
\$ 158,870	\$ 36,811		\$ 909,477
35,345	12,917		247,867
<u>194,215</u>	<u>49,728</u>		<u>1,157,344</u>
1,444	876		11,700
			18,140
1,815	4,472		10,721
2,174	8,047		22,054
14,754			25,769
969	1,945		9,725
796	2,049		6,200
8,669	16,791		59,828
328	1,806		10,014
		\$ 6,105	6,105
9,533	22,055		74,835
663	15,996		19,464
50	122		407
7,385			29,541
1,901	1,877		9,908
298	9,019		10,310
1,060	2,609		9,519
3,544	7,972		34,085
228	4,578		16,801
396	1,138		10,438
627	577		4,406
23,549	138		29,449
114,603	12,915		164,262
8,007			57,019
561			24,628
			312,691
	312		488
592	295		2,877
1,628	5,853		55,060
17,266	5,819		51,565
<u>1,984</u>	<u>6,377</u>		<u>101,657</u>
<u>\$ 419,039</u>	<u>\$ 183,366</u>	<u>\$ 6,105</u>	<u>\$ 2,357,010</u>

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
	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

Statements of Cash Flows

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

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ 1,115	\$ (9,404)
Adjustments to reconcile change in assets to net cash from operating activities:		
Depreciation	59,828	68,876
Loss on disposition of fixed assets	3,653	54,738
Changes in operating assets and liabilities:		
Receivables	11,541	75,235
Prepaid expenses		8,601
Deposits		(1,550)
Accounts payable and accrued expenses	17,441	(49,069)
Net cash from operating activities	93,578	147,427
Cash flows from investing activities		
Fixed asset purchases	(68,929)	(46,343)
Net cash from investing activities	(68,929)	(46,343)
Cash flows from financing activities		
Principal payments on debt obligations	(23,835)	(21,595)
Net cash from financing activities	(23,835)	(21,595)
Net change in cash equivalents	814	79,489
Cash and cash equivalents - beginning of year	376,376	296,887
Cash and equivalents - end of year	\$ 377,190	\$ 376,376

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

Notes to the Financial Statements

Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2008 and 2007

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, 2008 and 2007, advertising costs totaled \$11,700 and \$9,849, respectively.

Notes to the Financial Statements (Continued)
Lighthouse Counseling Center, Inc.
Montgomery, Alabama
September 30, 2008 and 2007

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.

Note 2 – Fixed Assets

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

	2008		2007	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Transportation equipment	\$ 165,313	\$ 75,532	\$ 179,132	\$ 72,820
Office equipment	314,266	162,697	276,931	138,716
Building and leasehold improvements	653,794	203,397	627,289	185,517
Land	76,907		76,907	
	<u>\$ 1,210,280</u>	<u>\$ 441,626</u>	<u>\$ 1,160,259</u>	<u>\$ 397,053</u>

Depreciation for the years ending September 30, 2008 and 2007 totaled \$59,828 and \$68,876, 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, 2008 and 2007

Note 3 – Debt

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

	<u>2008</u>	<u>2007</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 \$190,256.	\$ 60,819	\$ 76,858
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>177,912</u>	<u>185,708</u>
Total	\$ 238,731	\$ 262,566
Less current maturities	<u>(25,317)</u>	<u>(23,814)</u>
Total long-term debt	<u>\$ 213,414</u>	<u>\$ 238,752</u>

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

2009	\$ 25,317
2010	26,920
2011	28,628
2012	17,261
2013	11,339
Thereafter	<u>129,266</u>
	<u>\$ 238,731</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, 2008 and 2007, employer plan contributions totaled \$15,839 and \$10,812, respectively.

Note 5 – Leases

The Center leases space in a building located in Montgomery, Alabama 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, 2008 and 2007

Note 5 – Leases (Continued)

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

The Center leases office equipment under operating leases. Rental expense related to the aforementioned operating leases totaled \$9,519 and \$9,369 during the years ended September 30, 2008 and 2007, respectively. The estimated future minimum rental commitments under the operating leases are \$5,513 and \$3,381 for the years ended September 30, 2008 and 2007, 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, 2009 with regard to these lease commitments is approximately \$290,000. 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, 2008 and 2007, 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, 2008 is \$33,298.

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 \$250,000. Uninsured balances aggregate to \$10,253 and \$294,250 at September 30, 2008 and 2007, 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, 2008 and 2007

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, 2008 and 2007 was \$19,464 and \$22,246, 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, 2008 and 2007, the Center's accounts receivable are comprised monies due from these various agencies.

The Center has been named as a defendant in one lawsuit brought by a former employee 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, 2008

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	Block Grants for Prevention and Treatment of Substance Abuse	G8-1203-24	93.959	\$ 630,844
Total Department of Mental Health and Mental Retardation				\$ 630,844
Passed through State of Alabama Department of Public Health	Sex Offenses Prevention and Crisis Projects Rape Prevention and Education	C80117072	93.126	\$ 48,468
Total Department of Public Health				\$ 48,468
Direct Funding				
	Services Grant Program for Residential Treatment for Pregnant and Postpartum Women	H79 TI16647-03-01	93.243	\$ 429,674
Total Substance Abuse and Mental Health Services Administration				\$ 429,674
Total Department of Health and Human Services				\$ 1,108,986
United States Department of Justice				
Passed through State of Alabama Department of Economic and Community Affairs	Violence Against Women Formula Grants Crime Victims Assistance	05 WF WD 004 07 VA SA 003	16.588 16.575	\$ 53,872 85,415
Total Department of Justice				\$ 139,287

Schedule of Expenditures of Federal Awards (Continued)

Lighthouse Counseling Center, Inc.
 Montgomery, Alabama
 For the year ended September 30, 2008

Grantor Agency	Program Title	Grant Id#	CFDA #	Expenditures
United States Department of Housing and Urban Development				
Direct Funding	Supportive Housing Program	AL09B604-04008	14.235	\$ 174,894
		AL09B5-04005	14.235	151,074
		AL09B3-04001	14.235	284,533
Total Department of Housing and Urban Development				\$ 610,501
Total Expenditures of Federal Awards				\$ 1,858,774

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 each of its major federal programs for the year ended September 30, 2008. Lighthouse Counseling Center Inc.'s major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended September 30, 2008.

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.

January 4, 2009

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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, 2008, which collectively comprise the Lighthouse Counseling Center's basic financial statements and have issued our report thereon dated January 4, 2009. 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.

January 4, 2009

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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 G8-1203-24 between the Department of Mental Health/Mental Retardation (DMH/MR) and Lighthouse Counseling Center, Inc. as of and for the year ended September 30, 2008.

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.

January 4, 2009

Schedule of Findings and Questioned Costs

Lighthouse Counseling Center, Inc.
Montgomery, Alabama
For the year ended September 30, 2008

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, 2008**

Section II - Financial Statement Findings

No matters are reported.

Section III - Federal Award Findings and Questioned Costs

No matters are reported.