

Hood & Strong

Advisory, Tax
and Assurance

LightHouse for the Blind and Visually Impaired

September 30, 2025

Consolidated Financial Statements

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Lighthouse for the Blind and Visually Impaired

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Independent Auditors' Report

THE BOARD OF DIRECTORS
LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED
San Francisco, California

Opinion

We have audited the consolidated financial statements of **LIGHTHOUSE FOR THE BLIND AND VISUALLY IMPAIRED (the Lighthouse)** which comprise the consolidated statement of financial position as of September 30, 2025, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Lighthouse as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lighthouse's ability to continue as a going concern for one year from the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Lighthouse's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 26, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hood & Strong LLP

San Francisco, California
March 9, 2026

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Financial Position

<i>September 30, 2025 (with comparative totals for 2024)</i>	2025	2024
Assets		
Cash and cash equivalents	\$ 2,942,373	\$ 753,865
Receivables	1,445,717	2,594,542
Prepaid expenses and other assets	378,019	935,892
Inventory	1,130,262	1,106,691
Investments	84,524,875	95,024,432
Operating right-of-use lease assets	158,367	345,499
Property and equipment, net	81,437,174	81,322,964
Interest rate swap	2,983,438	3,554,981
Total Assets	\$ 175,000,225	\$ 185,638,866
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 2,612,819	\$ 2,170,953
Accrued salaries and benefits	922,854	967,841
Operating lease liability	168,443	356,248
Deferred Revenue	110,758	
Loans payable	27,466,500	28,499,000
Total liabilities	31,281,374	31,994,042
Net Assets:		
Without donor restrictions:		
Undesignated	57,516,337	56,092,302
Board designated	84,524,875	95,024,432
Total net assets without donor restrictions	142,041,212	151,116,734
With donor restrictions	1,677,639	2,528,090
Total net assets	143,718,851	153,644,824
Total Liabilities and Net Assets	\$ 175,000,225	\$ 185,638,866

See accompanying notes to the consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Activities and Changes in Net Assets

Year Ended September 30, 2025 (with comparative totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating:				
Revenue and support:				
Government grants	\$ 2,991,299		\$ 2,991,299	\$ 2,645,165
Sales	5,338,587		5,338,587	4,096,375
Contributions and gifts	1,923,670	\$ 901,649	2,825,319	6,261,062
Program service fees	1,862,816		1,862,816	1,436,638
Other	60,967		60,967	27,612
Net assets released from restrictions	1,752,100	(1,752,100)	-	-
Total revenue and support	13,929,439	(850,451)	13,078,988	14,466,852
Expenses:				
Program services	26,738,506		26,738,506	24,593,174
Management and general	3,838,590		3,838,590	5,503,320
Development	1,742,477		1,742,477	1,280,674
Total expenses	32,319,573	-	32,319,573	31,377,168
Change in net assets from operations	(18,390,134)	(850,451)	(19,240,585)	(16,910,316)
Non-Operating:				
Investment income, net of expenses	9,784,106		9,784,106	21,292,664
Insurance proceeds	293,135		293,135	4,616,176
(Loss) on sale of property and equipment	4,250		4,250	(50,987)
Transfer of net assets	50,503		50,503	1,592,243
Loss on impairment of fixed assets			-	(23,307,618)
Loss on write off of real estate investment	(1,350,000)		(1,350,000)	(17,292,945)
Change in the value of interest rate swap, net of payments	532,618		532,618	(655,223)
Change in Net Assets	(9,075,522)	(850,451)	(9,925,973)	(30,716,006)
Net Assets, beginning of the year	151,116,734	2,528,090	153,644,824	184,360,830
Net Assets, end of the year	\$ 142,041,212	\$ 1,677,639	\$ 143,718,851	\$ 153,644,824

See accompanying notes to the consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Functional Expenses

Year Ended September 30, 2025 (with comparative totals for 2024)

	2025				2024			
	Program Services			Total	Supporting Services		Total	
	Community and Information	Rehabilitation Services	Lighthouse Enterprises		Management and General	Development		
Personnel	\$ 2,238,325	\$ 8,110,839	\$ 5,940,410	\$ 16,289,574	\$ 2,461,065	\$ 1,346,998	\$ 20,097,637	\$ 17,169,099
Program costs	111,086	703,343	249,643	1,064,072	197,426	41,945	1,303,443	1,165,545
Cost of goods sold			1,387,154	1,387,154			1,387,154	1,244,430
Occupancy	64,869	247,176	82,468	394,513	21,580	11,848	427,941	318,427
Depreciation and amortization	237,321	812,118	1,475,014	2,524,453	166,560	91,445	2,782,458	2,891,708
Outside services	134,590	513,209	444,150	1,091,949	414,086	50,509	1,556,544	2,853,898
Postage and printing	6,399	8,375	12,449	27,223	6,318	6,045	39,586	37,776
Office supplies and equipment	135,141	486,563	583,128	1,204,832	96,021	51,776	1,352,629	892,863
Staff training, travel and conference	15,220	220,943	67,568	303,731	36,970	7,166	347,867	452,840
Insurance	103,843	350,256	394,000	848,099	107,864	39,439	995,402	1,183,981
Telephone	26,766	91,601	68,265	186,632	19,069	10,313	216,014	119,559
Bad debt, bank fee, interest and taxes	195,175	668,378	552,504	1,416,057	305,899	84,989	1,806,945	3,038,723
Program marketing and public relations	135	55	27	217	71	4	292	488
Board expenses				-	5,661		5,661	7,831
Total expenses	\$ 3,268,870	\$ 12,212,856	\$ 11,256,780	\$ 26,738,506	\$ 3,838,590	\$ 1,742,477	\$ 32,319,573	\$ 31,377,168

See accompanying notes to the consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Consolidated Statement of Cash Flows

<i>Year Ended September 30, 2025 (with comparative totals for 2024)</i>	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	\$ (9,925,973)	\$ (30,716,006)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Change in the value of interest rate swap	(532,619)	655,223
Net realized and unrealized loss (gain) on investments	(7,655,986)	(18,581,969)
Depreciation and amortization	2,782,459	2,891,708
Amortization of right-of-use lease assets	187,132	201,221
Impairment loss recognized on PP&E		23,307,618
Loss on write off of real estate investment		17,292,945
Changes in operating assets and liabilities:		
Receivables	1,148,825	(154,788)
Gain from loan forgiveness		
Prepaid expenses and other assets	557,872	(73,758)
Inventory	(23,571)	(19,115)
Lease obligations	(187,805)	(200,981)
Accounts payable and accrued expenses	441,867	(2,895,409)
Deferred Revenue	110,758	
Accrued salaries and benefits	(44,987)	184,726
Net cash used by operating activities	(13,142,028)	(8,108,585)
Cash Flows from Investing Activities:		
Proceeds from the sale or maturity of investments	67,492,264	80,857,360
Purchase of investments	(49,336,721)	(40,450,110)
Receipt of interest on interest rate swap	1,104,162	1,400,479
Cash distributions from real estate investment		5,310,000
Deletions of property and equipment	80,354	94,169
Purchase of property and equipment	(2,977,023)	(12,567,250)
Net cash provided by investing activities	16,363,036	34,644,648
Cash Flows from Financing Activities:		
Payment on loans payable	(1,032,500)	(1,002,500)
Payment on line of credit		(25,000,000)
Proceeds from line of credit		
Net cash used by financing activities	(1,032,500)	(26,002,500)
Net Change in Cash and Cash Equivalents	2,188,508	533,563
Cash and Cash Equivalents, beginning of the year	753,865	220,302
Cash and Cash Equivalents, end of the year	\$ 2,942,373	\$ 753,865
Supplemental Information		
Interest paid	\$ 1,534,580	\$ 2,562,079

See accompanying notes to the consolidated financial statements.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Note 1 - Nature of Lighthouse and Summary of Significant Accounting Policies:

LightHouse for the Blind and Visually Impaired (Lighthouse), a California nonprofit public benefit corporation founded in 1902, provides a variety of programs to over 3,000 participants who are blind or visually impaired in San Francisco and throughout California.

LightHouse is the sole owner of The Lighthouse Member LLC (LLC), and 1155 Market Street QALICB, (1155 Market) both California nonprofit corporations. 1155 Market Street QALICB owns the top three floors of the 1155 Market Street building and meets the criteria for consolidation for purposes of financial reporting. The Lighthouse Member LLC held, in partnership with Patson Companies, the lower eight floors of the 1155 Market Street building. The bottom eight floors of the building went into receivership during the year ended September 2024.

Lighthouse receives support and revenue from a variety of sources.

Following is a description of the programs and services of Lighthouse:

Community and Information Services

- Community Services offers social, health promotion and educational classes for the blind. Opportunities include yoga, dance, a book club, and many other programs. Cultural, artistic and fitness programs bring people together for social engagement and to build a community of low vision and blind people.
- Blind teens find a place where blindness is normal at LightHouse Youth Programs. Activities include adventures in the great outdoors, volunteer service and mentorship opportunities.
- A Counseling Services Program for the blind and low vision provides one-on-one counseling, peer counseling and group therapy sessions.

Vision Rehabilitation Services

- Blindness Skills provides instruction to people who are new to blindness or low vision to help them learn to use a white cane for mobility, read braille, utilize accessible technology and acquire adaptive methods for cooking and daily living.
- The LightHouse's Employment Immersion Program is a job training program specifically designed for blind and visually impaired jobseekers in the Bay Area. Our graduates have found jobs, starting them on a path of self-reliance and life fulfillment.
- Enchanted Hills Camp for the Blind in Napa is one of the West's only camps for blind, visually impaired, deaf-blind and multi-disabled youth, adults and seniors. Enchanted Hills Camp is a place for blind campers to explore and create, gain courage, try new things and make lifelong friends.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

- Deaf-Blind Services include communications equipment and training program that is open to deaf-blind individuals throughout the state. It also hosts a special Enchanted Hills Camp session specifically for the deaf-blind.

LightHouse Enterprises

- LightHouse operates Adaptations, a brick-and-mortar store selling blind adaptive technologies and tools, such as white canes, guide dog supplies, magnifiers, talking watches and other items.
- LightHouse Industries provides direct employment at the Sirkin Lighthouse, our light manufacturing plant in Alameda where 75% or more of all direct labor is performed by blind or visually impaired employees.
- The Media and Accessible Design Laboratory (MADLab) makes visual information accessible to people who are blind and visually impaired. The transcription team takes original copy and translates it into accessible formats, including braille, large print, and audio. An experienced team of braille certified tactile image and map designers helps corporate and governmental entities, educational institutions, and nonprofits improve the accessibility and inclusiveness of their venues and services as well as comply with ADA signage standards and state building codes.

Basis of Presentation and Consolidation

The consolidated financial statements include the financial statements of the Lighthouse and 1155 Market (known collectively as The Lighthouse). All material intercompany accounts and transactions have been eliminated.

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), applicable to nonprofit organizations. The Lighthouse presents information regarding its net assets and activities according to two classes of net assets.

Net Assets Without Donor Restrictions - net assets that are not subject to donor-imposed stipulations. In addition, the Board has designated net assets of \$84,524,875 that are not restricted by donors but set aside by the Board for specific uses, including subsidizing operations, capital improvements and program enhancements.

Net Assets With Donor Restrictions - net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature because the donor stipulates that the principal be invested in perpetuity. The Lighthouse has no restrictions that are perpetual in nature.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Recognition of Revenue

Contributions are recognized at their fair value when the donor makes an unconditional promise to give to Lighthouse. Donor-restricted contributions are reported as increases in donor restricted net assets depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using market discount rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Lighthouse uses the allowance method to determine uncollectible receivables. The allowance is based upon prior years' experience and management's analysis of specific promises made. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Government grants

A portion of Lighthouse's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/ or incurring qualifying expenses. Amounts received are recognized as revenue when Lighthouse has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the Consolidated Statement of Financial Position.

Sales

Sales are recognized as revenue at the time the sale is completed.

Program service fees

Program service fees are recognized at the time the related service is provided to a client.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Cash and Cash Equivalents

For purposes of the Consolidated Statement of Cash Flows, cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of the acquisition date.

Receivables

Receivables are stated at the amount the Lighthouse's management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to bad debt expense and a credit to an allowance account, based on its assessment of the current status of individual accounts. Lighthouse routinely reviews its receivables and makes provisions for the credit losses utilizing the Current Expected Credit Losses model ("CECL"). The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for receivables at the time the financial asset is originated or acquired. Management believes the entire balance of receivables is collectible, and therefore, no allowance was recorded as of September 30, 2025.

Investments

Investments in money market funds and mutual funds are carried at fair value based upon quoted market prices. Investments in privately held entities are carried at cost, which approximates fair value.

Gains and losses that result from market fluctuations are recognized in the Consolidated Statement of Activities and Changes in Net Assets in the period such fluctuations occur. Dividend and interest income are accrued when earned. Investment fees and expenses reduce investment income recognized during the year.

Investments in real estate are carried at cost or adjusted to current market value when a permanent impairment in value has been deemed to occur.

Inventory

Inventory items are held for sale or resale and are stated at the lower of cost or market value and determined on a first-in, first-out basis.

Property and Equipment

The Lighthouse records property, equipment, and improvements in excess of \$5,000 at historical cost or, if donated, at fair market value at the date of donation. Depreciation is determined on the straight-line method over the estimated useful lives of the assets ranging from five to forty years.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Functional Allocation of Expenses

The Lighthouse allocated its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect costs are allocated among program and support services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit.

Income Taxes

The Lighthouse is a tax-exempt organization under Internal Revenue Service Code (IRC) §501(c)(3) and the applicable section of the California Revenue and Taxation Code.

Management evaluated the Lighthouse's tax positions and concluded that the Lighthouse had maintained its tax-exempt status and had not taken uncertain tax positions that required adjustment to the consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Lighthouse classifies its financial assets and liabilities measured at fair value on a recurring basis based on a fair value hierarchy with three levels of inputs. Level 1 values are based on unadjusted quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Lighthouse's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the assets and liabilities measured at fair value.

Leases

Operating right-of-use lease assets represent Lighthouse's right to use an underlying asset during the lease term and operating lease liabilities represent Lighthouse's obligation to make payments arising from the lease. Operating leases are recorded in operating right-of-use lease assets and operating lease liabilities on the Statement of Financial Position. Lighthouse does not have any financing leases.

Operating right-of-use lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The discount rate used to derive the present value is based risk-free rate for a period comparable to the lease term. Renewal periods are included in calculating the present value of future lease payments when they are reasonably certain of exercise. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Recent Accounting Pronouncement

Pronouncement Adopted:

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which created a new credit impairment standard for financial assets. The ASU requires financial assets, including loans and trade receivables, measured at amortized cost to be presented at the net amount expected to ultimately be collected. The allowance for credit losses includes all losses that are expected to occur over the remaining life of the asset, rather than incurred losses through the date of the financial statements. Changes in the allowance for credit losses are recorded in the Statement of Activities as the amounts expected to be collected change. Lighthouse adopted the new standard effective October 1, 2023. The adoption of this ASU did not have a material impact on the Lighthouse's financial statements.

Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with Lighthouse's financial statements for the year ended September 30, 2024 from which the summarized information is derived.

Subsequent Events

Lighthouse has reviewed its subsequent events for the period of time from its fiscal year ended September 30, 2025 through March 9, 2026, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor subsequent events have occurred, the nature of which would require disclosure excepted as noted in Note 13.

Note 2 - Receivables:

Receivables, due within one year, consisted of the following at September 30, 2025:

Government grants	\$ 338,751
LightHouse Industries	447,294
Fees for services	659,672
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Total	\$ 1,445,717
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Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Note 3 - Investments:

The following were the major categories of investments measured at fair value on a recurring basis as of September 30, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - equity funds	\$ -	\$ 43,628,009	\$ -	\$ 43,628,009
Mutual funds - bond funds				-
Mutual funds - fixed income		36,990,250		36,990,250
Money market funds	3,792,260			3,792,260
Equity investment in Accessible.Inc			114,356	114,356
Total	\$ 3,792,260	\$ 80,618,259	\$ 114,356	\$ 84,524,875

There was no change to the balance of the level three investments from September 30, 2024 through September 30, 2025

Investment Income

The following summarizes the investment income during the year ended September 30, 2025:

Interest and dividend income	\$ 2,268,534
Realized gain on investments	9,535,493
Unrealized loss on investments	(1,879,507)
Investment fees	(140,414)
Total investment income, net	\$ 9,784,106

Investments serve as security for loans payable as described in Note 6.

Note 4 - Investment in Real Estate:

The Lighthouse Building LLC (the Company) is a single member LLC owned by Blind Holdings LLC. Blind Holdings LLC is owned jointly by the Lighthouse (90% owner via a single member LLC named "The Lighthouse Member LLC" (the LLC) and 1155 Market LLC (10% owner). The Company owns the first eight floors, basement, roof and land, known as Parcel A of an eleven-story building located at 1155 Market Street, San Francisco California.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

In May 2024 the tenant occupying the bottom eight floors of the 1155 Market Street building moved out and subsequently those floors were put into receivership. As a result, the building became the property of a bank and the value of the investment was written off in fiscal year 2025.

1155 Market LLC owned the remaining 10% and is fully liable for the costs of any legal actions resulting from the receivership. Creditors are seeking reparations from 1155 Market Street. In October 2025, the creditors and Blind Holdings LLC reached a settlement. As a result, Lighthouse recorded \$1,080,000 in settlement amount for the year ended September 30, 2025.

Note 5 - Property and Equipment:

Property and Equipment consisted of the following at September 30, 2025:

Land	\$ 3,111,103
Buildings	80,672,208
Leasehold improvements	341,950
Furniture and equipment	6,705,052
Construction in progress	867,935
Intangibles	216,000
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	91,914,248
Less: accumulated depreciation	(10,477,074)
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Total	\$ 81,437,174

Construction in progress relates to costs associated with the development of an internally used Electronic Health Record (EHR) and Relationship Management software system. The total projected cost of the project is approximately \$2,600,000. Funding will be provided through a combination of sources, including grant awards. The project is currently underway and is expected to be completed by December 2027.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Note 6 - Debt:

The New Market Tax Credit (“NMTC”) was enacted as part of the Community Renewal Tax Relief Act of 2000 and was designed to stimulate investment in new private capital, which would in turn facilitate economic and community development in distressed communities. In connection with the NMTC transaction, on December 2, 2015, the Lighthouse entered into a loan agreement for a term loan in the amount of \$36,000,000. On April 24, 2020 the loan was refinanced and \$32,700,000 was borrowed, the proceeds of which were used to pay off the 2015 debt. The original 2015 loan accrued interest at a rate of one-month LIBOR plus 1.83% and was secured by investments held in U.S. Bank, as disclosed in Note 3. The refinanced loan bears interest at a fixed annual rate of 3.5% plus a daily SOFR rate. Interest is calculated on a daily basis. Principal and interest payments are due monthly, and the unpaid principal and unpaid accrued interest is due upon maturity of the loan in April 2030. On September 30, 2025, the unpaid principal balance was \$27,466,500. Interest expense on the loan was \$1,534,580 for the year ended September 30, 2025.

The loan contains certain covenants with which Lighthouse was in compliance with at September 30, 2025. Expected future payments are as follows:

Year Ending September 30,	
2026	\$ 1,060,000
2027	1,092,000
2028	1,128,000
2029	1,164,000
2030	23,022,500
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Total	27,466,500
Less Current Portion	(1,060,000)
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Non-Current Portion	\$ 26,406,500

Line of credit

The Lighthouse had a line of credit with USBank for \$25,000,000 bearing interest at a rate of 2.00% plus Daily Simple Secured Overnight Financing Rate. The line of credit expired on April 13, 2024 and was not renewed. On September 4, 2024 The Lighthouse entered into a line of credit with UBS for \$30,000,000 bearing interest at a rate equal to the UBS Bank USA Fixed Funding Rate plus the applicable Percentage Spread set forth in the credit agreement. The interest rate was 5.818% as of September 30, 2025. The line of credit is open ended and has no maturity date. The balance outstanding at September 30, 2025 is \$0.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Interest rate swap

In order to minimize the risk of interest rate movement, the Lighthouse entered into a swap agreement in conjunction with the refinancing of the 2015 loan during the year ended September 30, 2022, whereby it exchanged a variable rate of interest for a fixed rate of 0.616%.

The change in the value of the interest rate swap agreement is included in the accompanying Consolidated Statement of Activities and Changes in Net Assets. As of September 30, 2025, the value of the interest swap was \$2,983,438 as a result of a net unrealized gain during the year of \$532,618. Domestic and international capital markets have experienced significant volatility. As a result, fluctuations in the fair value of the interest rate swap may have occurred subsequent to September 30, 2025.

Note 7 - Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted by time and/or purpose and consisted of the following at September 30, 2025:

Enchanted Hills Camp	\$ 126,191
Rehabilitation services	1,173,773
Other	377,675
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Total	\$ 1,677,639

For the year ended September 30, 2025, net assets released from restriction from various donor sources consisted of the following:

Enchanted Hills Camp	\$ 216,750
Rehabilitation services	1,334,930
Other	200,420
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Total	\$ 1,752,100

Note 8 - Operating Leases and Service Agreements:

The Lighthouse leases a facility under an operating lease located in Berkeley, California, which expires on July 31, 2026. As of September 30, 2025, the Lighthouse had right-to-use leased assets of \$158,367, and lease liabilities related to its operating leases of \$168,443.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Future minimum payments under noncancelable leases and service agreements are as follows:

Year Ending September 30, 2026	\$ 171,078
Total lease payments	171,078
Less discount to present value	(2,635)
Present value of lease liabilities	\$ 168,443

Rent expense for the year ended September 30, 2025, was \$180,114.

The weighted average remaining lease term as of September 30, 2025 was approximately .83 years. The weighted average discount rate as of September 30, 2025 was 4.12%.

Note 9 - Retirement Plans:

On November 7, 2019, the Lighthouse Board of Directors voted to amend its 401(k)-retirement plan to provide Safe-Harbor provisions effective January 1, 2020. Under the Safe-Harbor provisions, participating employees became fully vested in the Lighthouse contributions and the Lighthouse match percentage was reduced from 7% in effect since 2016 to the 6% maximum allowable under Safe-Harbor. As part of the amendment, the Board also adopted a 3-month waiting period before new employees are eligible to enroll in the Plan.

During the year ended September 30, 2025, the Board approved a contribution to the plan which totaled \$544,550.

LightHouse also adopted a 457(b)-plan effective March 1, 2011. The plan is funded by employee contributions and the Lighthouse made no contributions toward this plan during the year ended September 30, 2025.

Note 10 - Transfer of Net Assets:

On October 20, 2023 the Lighthouse entered into an asset transfer agreement with Earle Baum Center, a California nonprofit public benefit corporation, specializing in serving those with low vision and sight loss. Earle Baum Center approved the dissolution of the organization, desiring to transfer certain assets, among other contracts, to Lighthouse. Earle Baum Center also assigned its lease agreement to Lighthouse as part of the transfer. Receipt of these assets totaling \$50,503 were recognized as non-operating revenue in the statement of activities and changes in net assets for the year ended September 30, 2025.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Note 11 - Contingencies:

The Lighthouse receives grants and contracts from various County, State, and Federal agencies. These grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be estimated and, accordingly, the Lighthouse has no provisions for the possible disallowance of program costs. It is management's opinion that all grant and contract conditions have been met.

In November 2023 the National Labor Relations Board certified an employee election which appoints Evan Oravec as the official representative of the Lighthouse's employee union OPEIU Local 29, which encompasses the majority of Lighthouse employees.

Note 12 - Availability and Liquidity:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statement of Financial Position date, consisted of the following at September 30, 2025:

Total financial assets:	
Cash and cash equivalents	\$ 2,942,373
Receivables	1,445,717
Investments	84,524,875
	<hr/>
	88,912,965
Less:	
Board designated net assets	(84,524,875)
Net assets with restrictions	(1,677,639)
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Financial assets available to meet general expenditures needs within one year	\$ 2,710,451

The Board of Directors allocates a portion of investment income to operations as necessary to subsidize any operating deficits. The portion of investments allocated for the year ended September 30, 2026 is \$8.8 million. The Lighthouse also utilizes a line of credit, secured by a portion of the investment portfolio that is accessible to the Lighthouse upon the approval of the Board of Directors. Board designated net assets can be made available by The Board if necessary.

Lighthouse for the Blind and Visually Impaired

Notes to the Consolidated Financial Statements

Note 13 - Concentration of Credit Risk:

Lighthouse has defined its financial instruments which are potentially subject to risk as cash, accounts receivable and investments. The majority of investments are diversified in order to limit the concentration of market risk. Concentrations of risk with respect receivables are limited due to the number of customers. Two individual customer's balance represents approximately 26% of the total accounts receivable balance as of September 30, 2025.

As of June 30, 2025, one donor gifted approximately 22% of contributions and gifts revenue during the year.

Note 14 - Subsequent Event:

Between May and October of 2026, Lighthouse's management, in conjunction with its Board of Directors, will implement a sequence of internal changes and restructurings that aim to substantially reduce the level of financial deficit that Lighthouse has experienced in recent years and to place the organization on a more sustainable financial basis moving forwards.