

LIGHTHOUSE MISSION OUTREACH INC

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Mark A. Caulo
Certified Public Accountant, PC

LIGHTHOUSE MISSION OUTREACH INC
TABLE OF CONTENTS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

Contents

Accountants Audit Report 1

Financial Statements

Balance Sheet 2

Statement of Activities 3

Statement of Functional Expenses 4

Statement of Cash Flows 5

Notes to Financial Statements 6-9

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Board of Directors
Lighthouse Mission Outreach Inc.
1543 Montauk Highway
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We have audited the accompanying statements of financial position of Lighthouse Mission Outreach Inc, a not for profit corporation, as of December 31, 2013 and related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Lighthouse Mission Outreach Inc's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of Lighthouse Mission Outreach Inc, as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mark A. Caulo CPA PC

East Islip, NY
May 12, 2014

LIGHTHOUSE OUTREACH MISSION INC

Statement of Financial Position

As of December 31, 2013

ASSETS

Current Assets	
Cash in Bank	\$ 232,783
Grants Receivable	<u>-</u>
Total Current Assets	\$ 232,783
Fixed Assets - (Note 1)	
Automobile & Trucks	\$ 59,495
Leasehold Improvements	<u>104,147</u>
Total Fixed Assets	\$ 163,642
Less: Accumulated Depreciation	<u>(90,306)</u>
Net Fixed Assets	\$ 73,336
Total Assets	\$ 306,119

LIABILITIES AND NET ASSETS

Current Liabilities	
Accrued Expenses	\$ 14,355
Payroll & Sales Taxes Payable	<u>4,929</u>
Total Current Liabilities	\$ 19,284
Long Term Liabilities - Loan Payable Bank (Note 3)	<u>136,326</u>
Total Liabilities	\$ 155,610
Net Assets	
Unrestricted	150,509
Restricted	<u>-</u>
Total Net Assets	\$ 150,509
Total Liabilities and Net Assets	\$ 306,119

The accompanying notes are an integral part of the financial statements

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LIGHTHOUSE OUTREACH MISSION INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Donated Food , Services & Assets	\$ 2,496,010	\$ -	\$ 2,496,010
Individual Donations	205,668	-	205,668
Corporate Donations	104,599	-	104,599
Grants	-	76,000	76,000
Churches & Ministries Donations	32,388	-	32,388
Sale od Donated Clothing	24,999	-	24,999
Miscellaneous Donations	62,230	-	62,230
Total Support and Revenue	\$ 2,925,894	\$ 76,000	\$ 3,001,894
Program Services	2,831,882	72,612	2,904,494
Management and General	67,365	1,727	69,092
Fundraising	21,633	555	22,188
Total Expenses	\$ 2,920,880	\$ 74,894	\$ 2,995,774
Change in Net Assets	\$ 5,014	\$ 1,106	\$ 6,120
Net Assets Beginning of Year	\$ 144,389	\$ -	\$ 144,389
Net Assets - End of Year	\$ 149,403	\$ 1,106	\$ 150,509

The accompanying footnotes are an intregral part of the financial statements

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LIGHTHOUSE MISSION OUTREACH INC.

Statement of Functional Expenses

FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Functional Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Food Distribution & Ministry Programs	\$ 2,534,187	\$ -	\$ -	\$ 2,534,187
Payroll	193,654	22,783	11,391	227,828
Food Transportation, Storage & Distribution	36,034	4,239	2,120	42,393
Employee Benefits	-	10,742	-	10,742
Depreciation	28,720	-	-	28,720
Building Repairs, Supplies & Rubbish Removal	20,420	2,402	1,201	24,023
Telephone & Utilities	25,868	3,043	1,522	30,433
Insurances	22,790	2,532	-	25,322
Office, Postage & Printing	4,181	13,587	3,135	20,903
Payroll Taxes	17,822	2,097	1,048	20,967
Interest Expense	7,015	-	-	7,015
Professional Fees	8,142	7,000	1,437	16,579
Occupancy Costs	-	-	-	-
Miscellaneous	4,156	489	245	4,890
Bank & Credit Card Processing Fees	1,506	177	89	1,772
Total Functional Expenses	<u>\$ 2,904,494</u>	<u>\$ 69,092</u>	<u>\$ 22,188</u>	<u>\$ 2,995,774</u>

The accompanying notes are an integral part of the financial statements

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LIGHTHOUSE MISSION OUTREACH INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities

Change on Net assets	\$ 6,120
Adjustments to reconcile change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expenses	28,720
Increase (Decrease) in cash resulting from changes in Operating Assets and Liabilities	
Increase in Accruals	(2,330)
(Decrease) in Taxes Payable	<u>2,542</u>

Net Cash provided by Operating Activities 35,052

Cash Flow from Investing Activities

Purchase of Trucks	-
Investment in Leasehold Improvements	<u>-</u>

Net Cash used from Investing Activities -

Cash Flow from Financing Activities

Loan Proceeds	<u>-</u>
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Net Cash From Financing Activities -

Net Increase in Cash 35,052

Cash Beginning of Year 197,731

Cash End of Year \$ 232,783

The accompanying footnotes are an integral part of the financial statements

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Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2012

Note-1 Nature of Operations

Lighthouse Mission Outreach Inc is a food bank using a food and clothing rescue model that serves as conduit between contributors who have surplus food and individuals, corporations and faith based ministries and churches that donate funds, food and clothing to those who are economically disadvantaged, unemployed or are in physically abused relationships. Founded in 2006 as a ministry of the Lighthouse Mission Church, the organizations mission is to end hunger and minister spiritually to those in need.

The organization distributes thousands of food packages and other household essentials daily through its mobile outreach programs in various towns in Suffolk County. Recipients are families who are either homeless or economically unable to support the needs of their families and children.

The organization also has annually Thanksgiving, Christmas and back to school outreach programs where food , toys for needy and homeless children, school back packs and essential supplies are provided to those in need through their mobile outreach and the new state of the art corporate head quarters and warehousing facility.

Lighthouse Mission Outreach Inc is intimately involved with the community, local churches, food banks, government and community leaders to educate and inform the public about the problem of hunger and need for spiritual and faith based guidance and assistance here on Long Island.

Note -2 Summary of Significant Accounting Principals

The summary of significant accounting principals of Lighthouse Mission Outreach Inc is presented to assist in the understanding of the organizations financial statements. These accounting principles conform to accounting principals generally accepted in the United States of America and have been consistently applied in the preparation of these financial statements.

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Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2013

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Cash and Cash Equivalents

Lighthouse Mission Outreach Inc. considers all unrestricted, highly liquid short term investments with maturities of ninety days or less to be cash and cash equivalents.

Income Tax Status

The Internal Revenue Service has determined that organization Lighthouse Mission is a not for profit entity pursuant to section 501(c)(3) of the Internal Revenue Code. Therefore they are exempt from federal income taxes pursuant to Section 509(a) of the code. All donations made to Light House Mission Outreach Inc. qualify for the charitable contribution deductions under Section 170(b)(1)(A) of the Internal Revenue code.

Net Assets

The net assets of Lighthouse Mission Outreach Inc and changes therein are classified and reported as three classes of Net Assets.

Permanently Restricted - Net assets from contributions are limited by donor imposed stipulations that do not expire by the passage of time.

Temporarily Restricted – Net asset from contributions are limited by donor imposed stipulations that either expire by passage of time or can be satisfied and removed by actions of the Organization pursuant to those stipulations.

Unrestricted - Net assets from contributions with no limitations or stipulations imposed by the donor.

Revenue Recognition

Lighthouse Mission Outreach Inc. uses accounting principles generally accepted in the United States of America for accounting for contributions received and contributions made. The Organization recognizes contributions and grant revenues when they are received or unconditionally pledged.

Lighthouse Mission recognizes revenue on grants when the expenditures under the qualified programs are incurred. Revenue received under any government or private funding sources are restricted to the use specified in the grant or funding agreement.

Lighthouse Mission Outreach's charitable purpose is to collect denominations of cash contributions, collect and redistribute food, clothing and financial, spiritual and nutritional assistance those in need who are either homeless, living in temporary shelters or are unemployed and unable to purchase enough food to feed their families.

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Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2013

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Contributed Products & Services

Lighthouse Mission Outreach has, based upon its internal records, recorded donated food, clothing & furniture as contributed products, services and assets. The donated food is valued at approximately \$2 per pound based upon a study of national values as adjusted for local market conditions and products received. In 2013 Lighthouse Mission Outreach collected and distributed 1,248,000 pounds of food in addition to clothing, whose quantity and value is not included in these financials, to those in need.

Lighthouse Mission only records the value of the donated goods and services when there is an objective basis available for measuring their values. With regards to volunteer services they are only reported when those services create or enhance non financial assets or require specialized skills which would be purchased if not provided by donation. A substantial number of volunteers have donated their time to perform a variety of the program and administrative services for 2013, even though these services are extremely valuable to the Mission and help them grow and administer the organizations programs and services. No dollar amount has been reflected in these financial statements for contributed services.

Volunteers

A substantial number of volunteers, including members of the board, have made significant contributions of time to the organizations programs, fundraising and support functions. These volunteers, total over 296 have contributed approximately 12,739 hours to administer and support the food and clothing distribution outreaches & program services along with assisting in administrative and fund raising functions of the organization. The value of this time does not meet the criteria for the recognition of contributed services as detailed above and, therefore, is not reflected in the accompanying statement of activities.

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Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2013

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Property & Equipment

Property and equipment are stated at original cost or estimated fair market value if donated. Maintenance and repairs are charged to expenses and betterments are capitalized. Depreciation is computed using the straight line method over the assets estimated use full lives.

Transportation Equipment	5-10 Years
Computers, Furniture and Fixtures	3-7 Years
Leasehold Improvements	10 years

Note - 3 Long Term Liability Loan Payable

Represents a loan from a related party. The Lighthouse Mission Church who also is the owner of the building that the Lighthouse Mission Outreach occupies. Lighthouse Mission Church has entered into a long term perpetual lease with the Lighthouse Mission Outreach, as per Note 4, that calls for the Lighthouse Mission Outreach to maintain all operating and maintenance costs of the building in lieu of rent. The terms of the loan are for interest only payments pursuant to the long term perpetual lease, and then the terms are set to be renegotiated based upon the Lighthouse Mission Outreach's financial condition.

Note – 4 Related Party Transactions & Occupancy Costs

The Lighthouse Mission Outreach's administrative, warehouse and storage facility and children activity center are owned by the Light House Mission Church. The Lighthouse Mission Outreach is not charged any rent for the occupancy of the campus. The Lighthouse Mission Outreach is responsible pursuant to a long term perpetual lease to repair, maintain and fully insure the facility, Therefore there is no provision for rental costs in these financial reports.

Note 5 – Subsequent Events

After the organizations year end but prior to the issuance of this financial statement, the organization paid in full the outstanding long term loan payable to the bank.

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