

LIGHTHOUSE MISSION OUTREACH INC

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

Mark A. Caulo
Certified Public Accountant, PC

LIGHTHOUSE MISSION OUTREACH INC
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AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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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, 2014 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, 2014 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

Mark A. Caulo CPA PC

East Islip, NY
July 12, 2015

LIGHTHOUSE OUTREACH MISSION INC

Statement of Financial Position

As of December 31, 2014

ASSETS

Current Assets

Cash in Bank	\$ 256,142
Grants Receivable	-

Total Current Assets	\$ 256,142
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Fixed Assets - (Note 1)

Automobile & Trucks	\$ 80,827
Leasehold Improvements	104,147

Total Fixed Assets	\$ 184,974
Less: Accumulated Depreciation	(119,026)

Net Fixed Assets	\$ 65,948
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Total Assets	\$ 322,090
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LIABILITIES AND NET ASSETS

Current Liabilities

Accrued Expenses	\$ 14,523
Payroll & Sales Taxes Payable	5,704

Total Current Liabilities	\$ 20,227
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Long Term Liabilities - Loan Payable Bank (Note 3)	-
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Total Liabilities	\$ 20,227
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Net Assets

Unrestricted	301,863
Restricted	-

Total Net Assets	\$ 301,863
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Total Liabilities and Net Assets	\$ 322,090
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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, 2014

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Donated Food , Services & Assets	\$ 1,441,755	\$ -	\$ 1,441,755
Individual Donations	238,524	-	238,524
Corporate Donations	153,754	-	153,754
Grants	-	65,790	65,790
Churches & Ministries Donations	244,863	-	244,863
Sale od Donated Clothing	11,332	-	11,332
Miscellaneous Donations	8,772	-	8,772
Total Support and Revenue	\$ 2,099,000	\$ 65,790	\$ 2,164,790
Program Services	1,850,868	66,896	1,917,764
Management and General	73,137	-	73,137
Fundraising	22,535	-	22,535
Total Expenses	\$ 1,946,540	\$ 66,896	\$ 2,013,436
Change in Net Assets	\$ 152,460	\$ (1,106)	\$ 151,354
Net Assets Beginning of Year	\$ 149,403	\$ 1,106	\$ 150,509
Net Assets - End of Year	\$ 301,863	\$ -	\$ 301,863

The accompanying footnotes are an intregal part of the financial statements

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LIGHTHOUSE MISSION OUTREACH INC.

Statement of Functional Expenses

FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Functional Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Food Distribution & Ministry Programs	\$ 1,505,098	\$ -	\$ -	\$ 1,505,098
Payroll	205,663	44,996	12,098	262,757
Food Transportation, Storage & Distribution	48,184	5,669	2,834	56,687
Employee Benefits	-	7,263	-	7,263
Depreciation	28,720	-	-	28,720
Building Repairs, Supplies & Rubbish Removal	18,161	2,137	1,068	21,366
Telephone & Utilities	27,549	3,241	1,621	32,411
Insurances	24,668	2,902	1,451	29,021
Office, Postage & Printing	21,974	2,585	1,293	25,852
Payroll Taxes	18,607	2,189	1,095	21,891
Interest Expense	1,899	223	112	2,234
Professional Fees	8,027	944	472	9,443
Miscellaneous	6,523	767	381	7,671
Bank & Credit Card Processing Fees	2,691	221	110	3,022
Total Functional Expenses	<u>\$ 1,917,764</u>	<u>\$ 73,137</u>	<u>\$ 22,535</u>	<u>\$ 2,013,436</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, 2014

Cash Flows from Operating Activities

Change on Net assets	\$ 15,971
Adjustments to reconcile change in Net Assets to Net Cash Provided by Operating Activities	
Depreciarion Expenses	28,720
Increase (Decrease) in cash resulting from changes in Operating Assets and Liabilities	
Increase in Accruals	-
Increase (Decrease) in Taxes Payable	-

Net Cash provided by Operating Activities 44,691

Cash Fow from Investing Activities

Purchase of Trucks	(21,332)
Investment in Leasehold Improvements	-

Net Cash used from Investing Activities (21,332)

Cash Flow from Financing Activities

Loan Proceeds	-
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Net Cash From Financing Activities -

Net Increase in Cash 23,359

Cash Beginnng of Year 232,783

Cash End of Year \$ 256,142

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, 2014 .

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, 2014

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, 2014

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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 2014 Lighthouse Mission Outreach collected and distributed 720,870 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 2014, 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 282 have contributed approximately 12,500 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, 2014

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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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