

**LIGHTHOUSE MISSION OUTREACH INC**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

*Mark A. Caulo*  
*Certified Public Accountant, PC*

**LIGHTHOUSE MISSION OUTREACH INC**  
**TABLE OF CONTENTS**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**Contents**

Accountants Audit Report 1-2

**Financial Statements**

Balance Sheet 3

Statement of Activities 4

Statement of Functional Expenses 5

Statement of Cash Flows 6

**Notes to Financial Statements 7-10**

*Mark A. Caulo*  
Certified Public Accountant, PC

*Mark A. Caulo*  
*Certified Public Accountant, PC*

---

8 Greenwood Avenue  
East Islip, NY 11730  
Office (631) 581-7281  
Fax: (631) 581-9272

Member NYSSCPA  
www.nycpaservices.com  
mac@nycpaservices.com  
Joshua 24:15

189 Locust Avenue  
Staten Island, NY 10306  
Office (718) 980-1131  
Fax: (631) 581-9272

Board of Directors  
Lighthouse Mission Outreach Inc.  
1543 Montauk Highway  
Bellport, New York 11713

We have audited the accompanying statements of financial position of Lighthouse Mission Outreach Inc, a not for profit corporation, as of December 31, 2015 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, 2015 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 15, 2016

# LIGHTHOUSE OUTREACH MISSION INC

## Statement of Financial Position

As of December 31, 2016

\*\*\*\*\*

### ASSETS

<b>Current Assets</b>	
Cash in Bank	\$ 354,996
Grants Receivable	<u>-</u>
<b>Total Current Assets</b>	<b>\$ 354,996</b>
<b>Fixed Assets - (Note 1)</b>	
Automobile & Trucks	\$ 73,495
Office Equipment	\$ 7,332
Leasehold Improvements	<u>104,147</u>
<b>Total Fixed Assets</b>	<b>\$ 184,974</b>
Less: Accumulated Depreciation	<u>(129,441)</u>
<b>Net Fixed Assets</b>	<b>\$ 55,533</b>
<b>Total Assets</b>	<b>\$ 410,529</b>

### LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>	
Accrued Expenses	\$ 19,069
Payroll & Sales Taxes Payable	<u>4,889</u>
<b>Total Current Liabilities</b>	<b>\$ 23,958</b>
<b>Long Term Liabilities - Loan Payable Bank (Note 3)</b>	<u>-</u>
<b>Total Liabilities</b>	<b>\$ 23,958</b>
<b>Net Assets</b>	
Unrestricted	386,571
Restricted	<u>-</u>
<b>Total Net Assets</b>	<b>\$ 386,571</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 410,529</b>

The accompanying notes are an integral part of the financial statements

*Mark A. Caulo*  
Certified Public Accountant, PC

**LIGHTHOUSE OUTREACH MISSION INC.**  
**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2016

\*\*\*\*\*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Donated Food , Services & Assets	\$ 1,756,836	\$ -	\$ 1,756,836
Individual Donations	337,772	-	337,772
Corporate Donations	80,223	-	80,223
Grants	-	48,899	48,899
Churches & Ministries Donations	93,757	-	93,757
Sale of Donated Clothing	40,212	-	40,212
Miscellaneous Donations	10,472	-	10,472
<b>Total Support and Revenue</b>	<b>\$ 2,319,272</b>	<b>\$ 48,899</b>	<b>\$ 2,368,171</b>
Program Services	2,164,225	48,899	2,213,124
Management and General	47,079	-	47,079
Fundraising	24,332	-	24,332
<b>Total Expenses</b>	<b>\$ 2,235,636</b>	<b>\$ 48,899</b>	<b>\$ 2,284,535</b>
<b>Change in Net Assets</b>	<b>\$ 83,636</b>	<b>\$ -</b>	<b>\$ 83,636</b>
<b>Net Assets Beginning of Year</b>	<b>\$ 386,572</b>	<b>\$ -</b>	<b>\$ 386,572</b>
<b>Net Assets - End of Year</b>	<b>\$ 470,208</b>	<b>\$ -</b>	<b>\$ 470,208</b>

The accompanying footnotes are an integral part of the financial statements

*Mark A. Caulo*  
 Certified Public Accountant, PC

# LIGHTHOUSE MISSION OUTREACH INC.

## Statement of Functional Expenses

FOR THE YEAR ENDED DECEMBER 31, 2016

\*\*\*\*\*

<u>Functional Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Food Distribution & Ministry Programs	\$ 1,807,111	\$ -	\$ -	\$ 1,807,111
Payroll	197,200	28,140	16,380	241,720
Food Transportation, Storage & Distribution	63,219	-	-	63,219
Depreciation	10,415	-	-	10,415
Building Repairs, Supplies & Rubbish Removal	21,762	2,560	1,280	25,602
Telephone & Utilities	23,109	2,719	1,359	27,187
Insurances	28,898	3,400	1,700	33,998
Office, Postage & Printing	23,495	5,800	1,382	30,677
Payroll Taxes	18,320	2,155	1,078	21,553
Professional Fees	8,556	1,007	503	10,066
Miscellaneous	11,039	1,298	650	12,987
Bank & Credit Card Processing Fees	-	-	-	-
<b>Total Functional Expenses</b>	<b>\$ 2,213,124</b>	<b>\$ 47,079</b>	<b>\$ 24,332</b>	<b>\$ 2,284,535</b>

The accompanying notes are an integral part of the financial statements

*Mark A. Caulo*  
Certified Public Accountant, PC

# LIGHTHOUSE MISSION OUTREACH INC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

\*\*\*\*\*

### Cash Flows from Operating Activities

Change on Net assets	\$ 83,637
Adjustments to reconcile change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expenses	10,415
Increase (Decrease) in cash resulting from changes in Operating Assets and Liabilities	
Increase in Accruals	4,031
Increase (Decrease) in Taxes Payable	<u>(752)</u>

**Net Cash provided by Operating Activities** 97,331

### 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>
---------------	----------

**Net Cash From Financing Activities** -

**Net Increase in Cash** 97,331

**Cash Begining of Year** 354,996

**Cash End of Year** \$ 452,327

The accompanying footnotes are an integral part of the financial statements

*Mark A. Caulo*  
Certified Public Accountant, PC

**Lighthouse Mission Outreach Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**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.

*Mark A. Caulo*  
Certified Public Accountant, PC

**Lighthouse Mission Outreach Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

---

**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.

*Mark A. Caulo*  
Certified Public Accountant, PC

**Lighthouse Mission Outreach Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

.....

**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 2016 Lighthouse Mission Outreach collected and distributed 878,418 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 2015, 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 247 have contributed approximately 10,688 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.

*Mark A. Caulo*  
**Certified Public Accountant, PC**

**Lighthouse Mission Outreach Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

.....

**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. See Note 5

**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.

*Mark A. Caulo*  
Certified Public Accountant, PC