

LIGHTHOUSE MISSION OUTREACH INC

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

LIGHTHOUSE MISSION OUTREACH INC
TABLE OF CONTENTS
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lighthouse Mission Outreach Inc.:

We have audited the accompanying financial statements of Lighthouse Mission Outreach Inc. (the "Organization"), which comprises the statements of financial position as of December 31, 2019 and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules of revenues and functional expenses on page 5 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 15, 2020, on our consideration of the Organization'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 of 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 in considering the Organization's internal control over financial reporting and compliance.

Mark A. Caulo, CPA PC

East Islip, New York
May 15 2020

LIGHTHOUSE OUTREACH MISSION INC

Statement of Financial Position

As of December 31, 2019

ASSETS

Current Assets

Cash in Bank	\$ 360,370
Investment in Marketable Securities, at fair market Value	408,487

Total Current Assets \$ 768,857

Fixed Assets - (Note 1)

Automobile & Trucks	\$ 187,171
Building	\$ 209,212
Office Equipment	\$ 7,332
Leasehold Improvements	104,147

Total Fixed Assets \$ 507,862

Less: Accumulated Depreciation (190,122)

Net Fixed Assets \$ 317,740

Total Assets \$ 1,086,597

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable & Accrued Expenses	\$ 22,352
Unrealizd Gain on Marketable Securities	\$ 8,487
Payroll & Sales Taxes Payable	7,907

Total Current Liabilities \$ 38,746

Total Liabilities \$ 38,746

Net Assets

Unrestricted	1,047,851
Restricted	-

Total Net Assets \$ 1,047,851

Total Liabilities and Net Assets \$ 1,086,597

The accompanying notes are an integral part of the financial statements

LIGHTHOUSE OUTREACH MISSION INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Donated Food , Services & Assets	\$ 1,685,154	\$ -	\$ 1,685,154
Individual Donations	490,417	-	490,417
Corporate Donations	89,293	-	89,293
Grants	102,030	-	102,030
Churches & Ministries Donations	122,970	-	122,970
Sale of Donated Clothing & Miscellaneous Income	109,192	-	109,192
Miscellaneous Donations	27,389	-	27,389
Interest Income	2,809	-	2,809
Total Support and Revenue	\$ 2,629,254	\$ -	\$ 2,629,254
Program Services	2,309,399	-	2,309,399
Management and General	57,003	-	57,003
Fundraising	23,214	-	23,214
Total Expenses	\$ 2,389,616	\$ -	\$ 2,389,616
Change in Net Assets	\$ 239,638	\$ -	\$ 239,638
Net Assets Beginning of Year	\$ 808,213	\$ -	\$ 808,213
Prior Period Adjustment	-	-	-
Net Assets - End of Year	\$ 1,047,851	\$ -	\$ 1,047,851

The accompanying footnotes are an integral part of the financial statements

LIGHTHOUSE MISSION OUTREACH INC.

Statement of Functional Expenses

FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Functional Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Food Distribution & Ministry Programs	\$ 1,742,454	\$ -	\$ -	\$ 1,742,454
Payroll	251,438	34,355	12,669	298,462
Food Transportation, Storage & Distribution	97,981	-	-	97,981
Miscellaneous	28,310	3,331	1,665	33,306
Building Repairs, Supplies & Rubbish Removal	27,165	3,196	1,598	31,959
Telephone & Utilities	24,877	2,927	1,463	29,267
Office, Postage & Printing	42,502	5,520	1,981	50,003
Insurances	33,578	3,950	1,976	39,504
Payroll Taxes	21,456	2,524	1,262	25,242
Depreciation	29,436	-	-	29,436
Professional Fees	10,202	1,200	600	12,002
Total Functional Expenses	<u>\$ 2,309,399</u>	<u>\$ 57,003</u>	<u>\$ 23,214</u>	<u>\$ 2,389,616</u>

The accompanying notes are an integral part of the financial statements

LIGHTHOUSE MISSION OUTREACH INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities

Change in Net assets	\$ 239,638
Adjustments to reconcile change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expenses	29,436
 Increase (Decrease) in cash resulting from changes in Operating Assets and Liabilities	
Increase (Decrease) in Accounts Payable	(1,182)
Increase (Decrease) in Taxes Payable	<u>2,353</u>

Net Cash provided by Operating Activities 270,245

Cash Flow from Investing Activities

Purchase of Fixed Assets	(322,888)
Investment in Marketable Securities	(408,487)
Unrealized Gain on Marketable Securities	8,487

Net Cash used from Investing Activities (722,888)

Cash Flow from Financing Activities

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

Net Increase in Cash (452,643)

Cash Begining of Year 813,013

Cash End of Year \$ 360,370

The accompanying footnotes are an integral part of the financial statements

Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2019

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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 organization's 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 annual 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 organization's 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.

Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2019

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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. At times Lighthouse Mission has cash on deposit with financial banking institutions in excess of federally insured limits.

Investments

Investments in equity securities are reported at fair market value. Unrealized gains and losses on the marketable securities are included in financial statements.

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.

Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2019

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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.

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 2019 Lighthouse Mission Outreach collected and distributed 842,577 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 2018, 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.

Lighthouse Mission Outreach Inc.
Notes to Financial Statements
December 31, 2019

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Volunteers

A substantial number of volunteers including members of the board, have made significant contributions of time to the organization's programs, fundraising and support functions. These volunteers, total over 276 have contributed approximately 13,652 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.

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 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 ensure the facility, therefore there is no provision for rental costs in these financial reports.