

**LIGHTHOUSE MISSION OUTREACH INC**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

*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

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, 2020 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, 2020 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, 2021

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

**LIGHTHOUSE MISSION OUTREACH INC**  
**TABLE OF CONTENTS**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Contents**

Accountants Audit Report	1
<b>Financial Statements</b>	
Balance Sheet	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
<b>Notes to Financial Statements</b>	<b>6-10</b>

*Mark A. Caulo*  
Certified Public Accountant, PC

# LIGHTHOUSE OUTREACH MISSION INC

## Statement of Financial Position

As of December 31, 2020

\*\*\*\*\*

### ASSETS

#### Current Assets

Cash in Bank	\$ 1,628,754
Investment in Marketable Securities, at fair market Value	413,059

<b>Total Current Assets</b>	<b>\$ 2,041,813</b>
-----------------------------	---------------------

#### Fixed Assets - (Note 1)

Automobile & Trucks	\$ 187,171
Building	214,501
Office Equipment	7,332
Leasehold Improvements	104,147

<b>Total Fixed Assets</b>	<b>\$ 513,151</b>
Less: Accumulated Depreciation	(225,670)

<b>Net Fixed Assets</b>	<b>\$ 287,481</b>
-------------------------	-------------------

<b>Total Assets</b>	<b>\$ 2,329,294</b>
---------------------	---------------------

### LIABILITIES AND NET ASSETS

#### Current Liabilities

Loan Payable	\$ 61,500
Accounts Payable & Accrued Expenses	20,299
Unrealizd Gain on Marketable Securities	13,059
Payroll & Sales Taxes Payable	10,129

<b>Total Current Liabilities</b>	<b>\$ 104,987</b>
----------------------------------	-------------------

<b>Total Liabilities</b>	<b>\$ 104,987</b>
--------------------------	-------------------

#### Net Assets

Unrestricted	\$ 2,224,307
Restricted	-

<b>Total Net Assets</b>	<b>\$ 2,224,307</b>
-------------------------	---------------------

<b>Total Liabilities and Net Assets</b>	<b>\$ 2,329,294</b>
---	---------------------

The accompanying notes are an integral part of the financial statements  
Page 2

*Mark A. Caulo*  
Certified Public Accountant, PC

# LIGHTHOUSE OUTREACH MISSION INC.

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

\*\*\*\*\*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Donated Food , Services & Assets	\$ 2,343,788	\$ -	\$ 2,343,788
Individual Donations	1,082,545	-	1,082,545
Corporate Donations	237,939	-	237,939
Grants	-	352,365	352,365
Churches & Ministries Donations	106,085	-	106,085
Sale of Donated Clothing & Miscellaneous Income	127,444	-	127,444
Miscellaneous Donations	18,154	-	18,154
Interest Income	11,119	-	11,119
<b>Total Support and Revenue</b>	<b>\$ 3,927,074</b>	<b>\$ 352,365</b>	<b>\$ 4,279,439</b>
Program Services	2,656,267	352,365	3,008,632
Management and General	67,992	-	67,992
Fundraising	26,362	-	26,362
<b>Total Expenses</b>	<b>\$ 2,750,621</b>	<b>\$ 352,365</b>	<b>\$ 3,102,986</b>
<b>Change in Net Assets</b>	<b>\$ 1,176,453</b>	<b>\$ -</b>	<b>\$ 1,176,453</b>
<b>Net Assets Beginning of Year</b>	<b>\$ 1,047,854</b>	<b>\$ -</b>	<b>\$ 1,047,854</b>
Prior Period Adjustment	-	-	-
<b>Net Assets - End of Year</b>	<b>\$ 2,224,307</b>	<b>\$ -</b>	<b>\$ 2,224,307</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, 2020

\*\*\*\*\*

<u>Functional Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Food Distribution & Ministry Programs	\$ 2,404,269	\$ -	\$ -	\$ 2,404,269
Payroll	280,943	38,023	14,317	333,283
Food Transportation, Storage & Distribution	73,496	-	-	73,496
Miscellaneous	26,732	3,146	1,572	31,450
Building Repairs, Supplies & Rubbish Removal	39,381	4,633	2,317	46,331
Telephone & Utilities	25,070	2,949	1,475	29,494
Office, Postage & Printing	59,104	7,728	2,702	69,534
Insurances	24,302	2,859	1,430	28,591
Payroll Taxes	21,117	2,484	1,242	24,843
Depreciation	31,993	3,555	-	35,548
Professional Fees	22,225	2,615	1,307	26,147
<b>Total Functional Expenses</b>	<b>\$ 3,008,632</b>	<b>\$ 67,992</b>	<b>\$ 26,362</b>	<b>\$ 3,102,986</b>

The accompanying notes are an integral part of the financial statements

Page 4

*Mark A. Caulo*  
Certified Public Accountant, PC

# LIGHTHOUSE MISSION OUTREACH INC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

\*\*\*\*\*

### Cash Flows from Operating Activities

Change in Net assets	<b>\$ 1,176,453</b>
Adjustments to reconcile change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expenses	35,548
Increase (Decrease) in cash resulting from changes in Operating Assets and Liabilities	
Increase (Decrease) in Accounts Payable	(2,053)
Increase (Decrease) in Taxes Payable	2,222

**Net Cash provided by Operating Activities** 1,212,170

### Cash Flow from Investing Activities

Purchase of Fixed Assets	(5,289)
Investment in Marketable Securities	(4,572)
Unrealized Gain on Marketable Securities	4,572

**Net Cash used from Investing Activities** (5,289)

### Cash Flow from Financing Activities

Loan Proceeds	<u>61,500</u>
---------------	---------------

**Net Cash From Financing Activities** 61,500

**Net Increase in Cash** 1,268,381

**Cash Begining of Year** 360,373

**Cash End of Year** \$ 1,628,754

The accompanying footnotes are an integral part of the financial statements

Page 5

*Mark A. Caulo*  
Certified Public Accountant, PC

**Lighthouse Mission Outreach Inc.**  
**Notes to Financial Statements**  
**December 31, 2020**

.....

**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, 2020**

---

**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, 2020**

.....

**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 2020 Lighthouse Mission Outreach collected and distributed 1,171,894 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 nonfinancial 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 2020, 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, 2020**

.....

**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 250 have contributed approximately 12,584 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.

**Note – 4 Loan Payable**

On May 3, 2020, Lighthouse Mission Outreach Inc secured a loan from their bank for \$61,500 through the U.S. Small Business Administration's Payroll Protection Program. The loan has an interest rate of 1% and matures on May 3, 2022. Lighthouse Mission Outreach Inc. expects a portion, or all the loan will be forgiven in accordance with the provisions of the Payroll Protection Program.

**Lighthouse Mission Outreach Inc.**  
**Notes to Financial Statements**  
**December 31, 2020**

\*\*\*\*\*

**Note – 4 Loan Payable**

Lighthouse Mission Outreach Inc. is following the provisions of ASC-405-20-1 which states that a debtor shall derecognize a liability if and only if it has been extinguished. A liability has been extinguished if either of the following conditions are met:

- A- The debtor pays the creditor and is relieved of its obligation for the liability
- B- The debtor is legally released from being the primary obligor under the liability either judicially or by the creditor

Accordingly, Lighthouse Mission Outreach will record the forgiveness of the debt for the amount forgiven under the Payroll Protection Program when such amounts are formally forgiven.