

# Lighthouse Charities

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDIT REPORT**

*For the Year Ended December 31, 2023*

## **LIGHTHOUSE CHARITIES**

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## **Independent Auditor's Report**

To Board of Directors  
Lighthouse Charities  
Las Vegas, Nevada

### **Opinion**

We have audited the accompanying financial statements of Lighthouse Charities (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Charities (the "Lighthouse") as of December 31, 2023, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lighthouse and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lighthouse's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lighthouse's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lighthouse's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

*Bush & Associates CPA*

Bush & Associates CPA LLC  
Henderson, Nevada  
March 4, 2024

**LIGHTHOUSE CHARITIES**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 71,465
Accounts receivables	17,877
Inventory	124,600
<b>Total Current Assets</b>	<u>213,942</u>

**Property and Equipment**

Automobiles	32,500
Furniture and equipment	11,392
Leasehold improvements	771,150
Accumulated depreciation	(197,816)
<b>Total Property and Equipment, Net</b>	<u>617,226</u>

**Non-Current Assets**

Deposits	7,478
<b>Total Non-Current Assets</b>	<u>7,478</u>

<b>Total Assets</b>	<u><u>\$ 838,646</u></u>
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**Liabilities and Net Assets**

**Current Liabilities**

Accrued expenses	\$ 15,125
Current portion of long-term debt	-
<b>Total Current Liabilities</b>	<u>15,125</u>

**Non-Current Liabilities**

Notes payable	93,000
<b>Total Non-Current Liabilities</b>	<u>93,000</u>

<b>Total Liabilities</b>	<u><u>108,125</u></u>
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**Net Assets**

With donor restriction	96,599
Without donor restriction	633,922
<b>Total Net Assets</b>	<u><u>730,521</u></u>

<b>Total Liabilities and Net Assets</b>	<u><u>\$ 838,646</u></u>
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The accompanying notes to the financial statements  
are an integral part of these statements.

**LIGHTHOUSE CHARITIES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without donor restrictions	With donor restrictions	Total
<b>Operating Support</b>			
Grants	\$ 50,000	\$ —	\$ 50,000
Donations	1,909,147	103,500	2,012,647
Program income	348,662	-	348,662
Service income	6,816	-	6,816
<b>Total Operating Support</b>	2,314,625	103,500	2,418,125
<b>Expenses</b>			
Program	1,516,294	6,901	1,523,195
General and administrative	983,245	-	983,245
Fundraising	-	-	-
<b>Total Expenses</b>	2,499,539	6,901	2,506,440
<b>Changes in Net Assets</b>	(184,914)	96,599	(88,315)
<b>Net Assets, Beginning of Year</b>	818,836	-	818,836
<b>Net Assets, End of Year</b>	\$ 633,922	\$ 96,599	\$ 730,521

The accompanying notes to the financial statements are an integral part of these statements.

**LIGHTHOUSE CHARITIES**  
**STATEMENT OF FUNCTIONAL EXPENSESES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Cost of goods sold	\$ 1,494,373	\$ —	\$ —	1,494,373.00
Advertising	-	-	27,264	27,264
Automobile	9,431	9,441	-	18,872
Bank charges	844	844	-	1,688
Computer expenses	2,793	-	-	2,793
Dues and subscriptions	461	461	-	922
Employee retention tax credit	6,940	-	-	6,940
Rent	85,497	15,088	-	100,585
Repairs and maintenance	16,670	2,942	-	19,612
Utilities	9,790	1,728	-	11,518
Warehouse	382	68	-	450
Household items given out	930	-	-	930
Insurance	20,211	3,512	2,787	26,510
Meals	303	303	-	606
Office	3,031	3,031	-	6,062
Postage	3,078	3,078	-	6,156
Telephone	3,162	3,162	-	6,324
Payroll expenses	561,526	33,535	69,704	664,765
People in need	6,105	-	-	6,105
Professional fees	12,000	12,000	-	24,000
Program expense	20,575	-	2,142	22,717
QuickBooks payments fees	2,073	2,073	-	4,146
Taxes and licenses	3,145	1,816	767	5,728
Travel and meetings	1,049	1,049	-	2,098
Depreciation	22,638	22,638	-	45,276
Total Expenses by Function	<b>\$ 2,287,007</b>	<b>\$ 116,769</b>	<b>\$ 102,664</b>	<b>\$ 2,506,440</b>

The accompanying notes to the financial statements  
are an integral part of these statements.

**LIGHTHOUSE CHARITIES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Cash Flows from Operating Activities**

Change in net assets	\$ (88,315)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:	
Depreciation and amortization	45,276
(Increase) decrease in operating assets:	
Accounts receivables	21,371
Inventory	(49,600)
Increase (decrease) in operating liabilities:	
Accrued expenses	(1,339)

<b>Net Cash Used in Operating Activities</b>	<b>(72,607)</b>
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**Cash Flows from Investing Activities**

Purchase of property and equipment	(10,992)
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<b>Net Cash Used in Investing Activities</b>	<b>(10,992)</b>
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<b>Net Increase in Cash and Cash Equivalents</b>	<b>(83,599)</b>
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<b>Cash - Beginning of Year</b>	<b>155,064</b>
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<b>Cash - End of Year</b>	<b>\$ 71,465</b>
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The accompanying notes to the financial statements  
are an integral part of these statements.



**LIGHTHOUSE CHARITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. NATURE OF ORGANIZATION**

**Lighthouse Charities** (“Lighthouse”), established in Las Vegas, Nevada, is a not-for-profit organization dedicated to welcoming, assisting, and empowering refugees and legal immigrants. The organization's mission is to transform lives and equip individuals to become integral members of society by providing compassionate services, building strong community networks, and fostering empowerment. Lighthouse Charities is committed to promoting self-sufficiency, personal growth, healing, and restoring hope among refugees to help them thrive and integrate successfully into the local community.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Lighthouse prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Lighthouse management and the designation of the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Lighthouse or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Accordingly, actual amounts could differ from these estimates.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Lighthouse considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. At various times throughout the year, the Lighthouse maintains deposits in financial institutions which may exceed federally insured amounts. The Lighthouse has not experienced losses in these accounts.

**LIGHTHOUSE CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables**

Receivables are recorded at their estimated fair value less an appropriate allowance for uncollectible amounts. Allowances are based on historical experience and management's analysis of specific balances. An account is written off when it is determined that all collection efforts have been exhausted.

**Leasehold Improvements, Equipment, and Software Development Costs**

Purchased leasehold improvements, equipment and software development costs are stated at cost. Depreciation is calculated using the straight-line method. Useful lives are applicable to the various categories of assets as follows:

<u>Assets</u>	<u>Useful Lives</u>
Leasehold improvements	Shorter of lease term or life of the improvements
Equipment	5 – 7 years
Software development cost	3 – 5 years

**Net Assets**

The Lighthouse reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets without donor restrictions are available for future expenditures as determined by the Lighthouse's Directors. See Note 4 for more information regarding the nature of restrictions.

**Revenue Recognition**

***Bakery Sales and Linen Services***

Lighthouse generates revenue through the sale of bakery goods to support feeding refugees and by providing linen services to major casinos in Las Vegas, Nevada. The revenue from these activities is recognized as follows:

Bakery Sales Revenue: Revenue from the sale of bakery goods is recognized when the goods are delivered to customers.

Linen Services Revenue: Revenue from providing linen services to major casinos is recognized as services are rendered.

***Fundraising and Special Events***

Event driven sponsorship and fundraising revenues are recognized when designated events occur. Amounts received prior to events are recorded as deferred revenue.

**LIGHTHOUSE CHARITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Donor Contributions***

Contributions received are recorded as net assets without donor restriction or with donor restriction, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor- restricted support is reported as an increase net asset with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

***Contributions of Services and In-kind Contributions***

Contributions of services and usage of assets are recognized at their estimated fair value when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated.

**Income Taxes**

The Lighthouse is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code on the excess of revenue over expenses generated in the normal course of business. Accordingly, no provision for federal income taxes has been included in the accompanying financial statements. Activities considered to be unrelated to the normal exempt purposes of the Lighthouse are taxable as "unrelated business income." No tax was due for the year ending December 31, 2023.

ASC Topic 740, *Income Taxes*, provides guidance on how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation by management of tax positions taken or expected to be taken in preparation of the Center's tax returns to determine if the positions are more-likely-than-not of being sustained if examined by the taxing authorities. Management has determined there are no uncertain income tax positions. Generally, tax years remain subject to examination for three years from the date filed.

**Advertising**

The Lighthouse uses advertising to promote its programs among the audiences it services. Advertising costs are expensed as incurred and totaled approximately \$27,264 for the year ended December 31, 2023.

**LIGHTHOUSE CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses**

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. A more detailed schedule of such expenses by the nature of expenses incurred is presented in the Statement of Functional Expenses. All direct costs are charged to the functional area they pertain to. Indirect costs are charged to the programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

**Recent Developments Related to COVID-19**

The World Health Organization has declared the recent COVID-19 outbreak to constitute a “Public Health Emergency of International Concern.” The outbreak has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of effects of COVID-19. The related financial impact and duration cannot be reasonably estimated at this time.

**Recently Issued Accounting Pronouncements**

In March 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Lighthouse does not anticipate a significant impact on the results of operations, financial position, or cash flows as a result of this new standard.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Lighthouse has adopted this standard for the year ended December 31, 2023, and has applied the guidance retrospectively.

**LIGHTHOUSE CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**3. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<b>2023</b>
Cash and cash equivalents	\$ 71,465
Accounts receivables	17,877
<b>Total Current Financial Assets</b>	<b>89,342</b>

**Less: amounts not available to be used within one year:**

Net assets with donor restrictions	-
Designated net assets	-
<b>Total amounts not available to be used within one year</b>	<b>-</b>

**Financial assets available to meet general expenditures over the next twelve months**      \$ 89,342

The budget for the general operating expenses of the Lighthouse has been approved at approximately \$856,000 for 2024 with expected 2024 income from donations, sponsorships, and other exchange transaction income amounts to about \$996,000. Accounting for these activities, the Lighthouse expects a cash operating surplus of about \$41,000.

**4. NET ASSETS**

As of December 31, 2023, Lighthouse had the following net assets with donor restrictions.

<b><u>Description of Restriction</u></b>	<b><u>2023</u></b>
Food bank	\$ 96,599
<b>Total Net Assets with Donor Restriction</b>	<b><u>\$ 96,599</u></b>

**LIGHTHOUSE CHARITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**5. LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND SOFTWARE DEVELOPMENT COSTS**

Major classes of leasehold improvements, equipment, and software development costs held as of December 31, 2023, consisted of the following:

Automobiles	32,500
Furniture and equipment	11,392
Leasehold improvements	<u>771,150</u>
	815,042
Less: accumulated depreciation	<u>(197,816)</u>
<b>Total Property and Equipment, Net</b>	<b>617,226</b>

Depreciation expense for the year ended December 31, 2023, was \$45,276.

**6. IN-KIND CONTRIBUTIONS**

For the year ended December 31, 2023, in-kind contributions recognized on the statement of activities consisted of the following:

	<u>2023</u>	<u>Utilization in Programs or Other Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Rags	498,276	Program Services	None	Market Research
Food	662,449	Program Services	None	Market Research
Household items	<u>290,958</u>	Program Services	None	Market Research
<b>Total</b>	<u>\$ 1,451,683</u>			

**7. SUBSEQUENT EVENTS**

Management has evaluated events and accounts through the date of the independent auditor's report, which is the date the financial statements were available to be issued, and noted nothing that would require disclosure.