

LIGHTHOUSE
AUDIT OF FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

BUCKLEY & SITZMAN, LLP
4240 PIONEER WOODS DRIVE
LINCOLN, NEBRASKA 68506
402-484-7676

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lighthouse, Inc.
Lincoln, Nebraska

We have audited the accompanying financial statements of Lighthouse, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, 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 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 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.

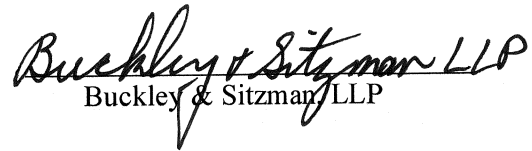
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse, Inc. as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited the Lighthouse, Inc. 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lincoln, Nebraska
January 20, 2021


Buckley & Sitzman LLP

LIGHTHOUSE
Statement of Financial Position
June 30, 2020
(With Comparative Totals for June 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 261,084	\$ -	\$ 261,084	\$ 205,313
Contributions Receivable	103,614	-	103,614	99,454
Lighthouse Foundation Receivable	-	-	-	40,196
Prepaid Expense	5,602	-	5,602	2,819
Grant Receivable	60,110	-	60,110	50,238
Total Current Assets	<u>\$ 430,410</u>	<u>\$ -</u>	<u>\$ 430,410</u>	<u>\$ 398,020</u>
Property and Equipment, Net	<u>\$ 1,200,020</u>	<u>\$ -</u>	<u>\$ 1,200,020</u>	<u>\$ 1,231,152</u>
Total Assets	<u><u>\$ 1,630,430</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,630,430</u></u>	<u><u>\$ 1,629,172</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 8,455	\$ -	\$ 8,455	\$ 9,816
PPP Loan Payable	120,700	-	120,700	-
Deferred Revenue	2,977	-	2,977	-
Wages Payable	20,198	-	20,198	17,625
Payroll Taxes Payable	1,525	-	1,525	1,308
Retirement Payable	423	-	423	353
Total Current Liabilities	<u>\$ 154,278</u>	<u>\$ -</u>	<u>\$ 154,278</u>	<u>\$ 29,102</u>
Net Assets:				
Without Donor Restrictions	<u>\$ 1,476,152</u>	<u>\$ -</u>	<u>\$ 1,476,152</u>	<u>\$ 1,600,070</u>
Total Net Assets	<u>1,476,152</u>	<u>-</u>	<u>1,476,152</u>	<u>1,600,070</u>
Total Liabilities and Net Assets	<u><u>\$ 1,630,430</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,630,430</u></u>	<u><u>\$ 1,629,172</u></u>

See accompanying notes to financial statements.

LIGHTHOUSE
Statement of Activities
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues:				
Contributions	\$ 134,257	\$ -	\$ 134,257	\$ 112,065
Fundraising	272,207	28,100	300,307	433,275
United Way Contributions	108,657	-	108,657	109,543
Contributed Services of Volunteers	3,826	-	3,826	4,472
Contributed Professional Services	2,800	-	2,800	2,785
Grants	-	158,208	158,208	107,135
Miscellaneous Income	950	-	950	11,187
Lighthouse Foundation Contribution (net of \$61,137 donation to Foundation 2020)	8,514	-	8,514	68,625
Loss on Disposal of Assets	-	-	-	(521)
Net Assets Released from Restrictions	186,308	(186,308)	-	-
Total Revenue and Net Assets Released from Restrictions	\$ 717,519	\$ -	\$ 717,519	\$ 848,566
Expenses:				
Program Services	\$ 670,978	\$ -	\$ 670,978	\$ 630,663
General and Administrative	127,678	-	127,678	116,673
Fund Raising	42,781	-	42,781	54,803
Total Expenses	\$ 841,437	\$ -	\$ 841,437	\$ 802,139
Change in Net Assets	\$ (123,918)	\$ -	\$ (123,918)	\$ 46,427
Net Assets at Beginning of Year	1,600,070	-	1,600,070	1,553,643
Net Assets at End of Year	\$ 1,476,152	\$ -	\$ 1,476,152	\$ 1,600,070

See accompanying notes to financial statements.

LIGHTHOUSE
Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	2020				2019			
	Program	Education	Total Program Services	General and Administrative	Fund Raising	Total Expenses	Total Expenses	Total Expenses
Salaries and Wages								
Supervision	\$ 186,465	\$ 107,768	\$ 294,233	\$ -	\$ -	\$ 294,233	\$ 260,132	\$ 260,132
Office Administration	-	-	-	74,537	10,855	85,392	76,115	76,115
Restorative Practices	21,437	7,145	28,582	-	-	28,582	26,443	26,443
Out of School Suspension	-	72,533	72,533	-	-	72,533	69,532	69,532
Food Coordinator	22,680	-	22,680	-	-	22,680	21,791	21,791
Payroll Taxes	17,241	14,015	31,256	5,702	830	37,788	33,851	33,851
Postage	-	-	-	1,489	-	1,489	960	960
Legal and Professional	-	-	-	21,928	-	21,928	22,187	22,187
Repairs and Maintenance	12,204	4,068	16,272	503	-	16,775	11,421	11,421
Retirement Expense	5,200	2,450	7,650	2,227	325	10,202	8,978	8,978
Printing and Publishing	-	-	-	371	15,272	15,643	13,325	13,325
Telephone	1,253	417	1,670	1,670	-	3,340	4,396	4,396
Volunteer Services	-	3,782	3,782	-	-	3,782	4,577	4,577
Programming	20,244	4,014	24,258	-	-	24,258	25,683	25,683
Utilities	7,201	2,401	9,602	297	-	9,899	10,352	10,352
Food Service	17,581	1,173	18,754	-	-	18,754	21,435	21,435
Supplies	2,855	2,862	5,717	-	-	5,717	11,122	11,122
Depreciation	31,998	10,666	42,664	1,319	-	43,983	45,366	45,366
Insurance	11,754	3,918	15,672	2,215	-	17,887	18,044	18,044
Health Insurance	38,505	25,484	63,989	14,966	7,396	86,351	85,758	85,758
Personnel Development	5,957	1,986	7,943	-	-	7,943	2,359	2,359
Travel	2,038	679	2,717	-	-	2,717	3,319	3,319
Miscellaneous	753	251	1,004	454	-	1,458	2,512	2,512
Special Events	-	-	-	-	8,103	8,103	22,481	22,481
Total Expenses	\$ 405,366	\$ 265,612	\$ 670,978	\$ 127,678	\$ 42,781	\$ 841,437	\$ 802,139	\$ 802,139

See accompanying notes to financial statements.

LIGHTHOUSE
Statement of Cash Flows
For the Year ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash Received from Contributions, Grants, and Fundraising	\$ 774,951	\$ 821,797
Cash Paid to Employees and Other Suppliers of Goods and Services	(778,743)	(736,719)
Contribution to Lighthouse Foundation	<u>(61,137)</u>	<u>-</u>
Net Cash Provided by (Used in) Operations	<u>(64,929)</u>	<u>85,078</u>
Cash Flows from Financing Activities:		
Loan Proceeds received	<u>120,700</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>120,700</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	55,771	85,078
Cash and Cash Equivalents at Beginning of Period	<u>205,313</u>	<u>120,235</u>
Cash and Cash Equivalents at End of Period	<u>\$ 261,084</u>	<u>\$ 205,313</u>
Reconciliation of Change in Net Assets to Cash Provided by (Used in) Operations:		
Change in Net Assets	\$ (123,918)	\$ 46,427
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used in) Operations:		
Depreciation	43,983	45,366
Loss on Disposal of Property	-	521
Donation of Property and Equipment	(12,851)	(26,827)
(Increase) Decrease in Contributions Receivable	(4,160)	37,246
(Increase) Decrease in Lighthouse Foundation Receivable	40,196	(40,196)
(Increase) Decrease in Grant Receivable	(9,872)	19,788
(Increase) Decrease in Prepaid Expenses	(2,783)	(944)
Increase (Decrease) in Accounts Payable	(1,361)	1,680
Increase (Decrease) in Deferred Revenue	2,977	-
Increase (Decrease) in Wages Payable	2,573	1,835
Increase (Decrease) in Payroll Taxes	217	133
Increase (Decrease) in Retirement Payable	70	49
Net Cash Provided by (Used in) Operations	<u>\$ (64,929)</u>	<u>\$ 85,078</u>

See accompanying notes to financial statements

Lighthouse
Notes to Financial Statements
June 30, 2020

1. Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

a. Formation of the Organization

Lighthouse (the “organization”) was organized on April 17, 1989 as a non-profit publicly supported entity to be operated as a gathering place for adolescents in Lincoln, Nebraska.

b. Financial Statement Presentation

Effective July 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, on a prospective basis. This standard assists entities in determining 1) whether a transfer of assets is a contribution or an exchange transaction, and 2) if contributions are conditional or unconditional. There were no significant changes to the financial statement line items, and no changes in net assets as a result of adopting this ASU.

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are reported as follows:

Net assets with donor restrictions are those whose use by the organization has been limited by donors to a specific time period or purpose, and those that the organization is required to hold in perpetuity. The organization does not have any net assets required to be held in perpetuity.

Net assets without donor restrictions are those not subject to donor-imposed restrictions. The organization reports all expenditures in this class of net assets, since the use of restricted net assets in accordance with donors’ stipulations result in the release of the restriction.

The organization does not have any donor restricted net assets at June 30, 2020.

c. Property and Equipment

Property and equipment are recorded at cost or, if acquired by gift, at the approximate market value at the date of the gift. Depreciation is computed using primarily a straight-line method over the estimated useful lives of the assets.

Major replacements and betterments are capitalized while maintenance, repairs, and minor replacements are charged to expense when incurred. Gains or losses on dispositions are reflected in current operations.

d. Income Taxes

The organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The organization adopted the income tax standard related to the recognition and measurement of uncertain tax positions. Management has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The organization’s open tax years are 2016 through 2019.

Lighthouse
Notes to Financial Statements
June 30, 2020

1. Accounting Policies (Continued)

e. In-Kind Contributions

Donated materials and equipment, and some services, are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Donated items and services valued at \$14,252 are included in contribution revenue, contributed services of volunteers, and contributed professional services for the year ended June 30, 2020.

Contributed Services of Volunteers:

Donated and contributed services are valued at a standard rate per hour contributed and are included in the statement of activities as contributions with a corresponding amount presented as program service expense.

Contributed Professional Services:

Contributed outside services are reflected as contributed services in the accompanying statement of activities at their estimated values at date of receipt. Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The following donated services are recognized in the financial statements for the year ended June 30, 2020:

Legal and Professional	\$ 2,800
Tutoring	<u>3,826</u>
	<u>\$ 7,257</u>

f. Cash and Cash Equivalents

The organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

g. Contributions Receivable

Contributions are recognized when the donor makes an unconditional promise to give to the organization. No provision has been made for uncollectible amounts since any that might occur are expected to be insignificant. The contributions receivable shown in the accompanying statement of financial position are all receivable in less than one year.

h. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

i. Subsequent Events

Management has evaluated subsequent events through the report date, which is the date the financial statements were available to be issued. As a result of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact the Organizations operating results after June 30, 2020. However, the related financial impact cannot be reasonably estimated at this time.

Lighthouse
Notes to Financial Statements
June 30, 2020

1. Accounting Policies (Continued)

j. Statement of Functional Expenses

The accompanying statement of function expenses reports certain expenses that are attributable to more than one functional expense category. Expenses that are allocated based on usage of space include depreciation, repairs and maintenance, and utilities. Wages, and related payroll taxes and employee benefits for personnel performing services attributable to multiple categories are allocated based on estimated percentage of time attributable to each program or supporting function.

k. Comparative Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

l. Revenue Recognition

In July 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), using the modified retrospective transition method. The modified retrospective transition method allows entities to apply the new revenue standard prospectively and record a cumulative-effect adjustment to the opening balance of net assets in the period the new revenue standard is first applied. The Organization elected to apply the new revenue standard only to contracts that were not completed as of the adoption date. The Organization's adoption of ASU 2014-09 did not have a material impact on the financial statements and the Organization recorded no cumulative-effect adjustment related to the adoption of ASU 2014-09.

The new guidance outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the guidance is that an entity should recognize revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Additionally, the guidance requires improved disclosure to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized.

The Organization's revenues consist primarily of the following:

Contributions: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions listed on the statement of activities include Contributions, Fundraising, United Way Contributions, and Lighthouse Foundation Contribution. Amounts due from donors are classified on the statement of financial position as contributions receivable, and Lighthouse Foundation receivable.

Grants: The Organization receives grants in support of its programs. Grant revenue is recognized when the related approved expenditures are incurred. Amounts due from grantors for expenditures incurred are classified on the statement of financial position as grants receivable.

Lighthouse
Notes to Financial Statements
June 30, 2020

2. Description of Major Programs

a. After School Services

To increase the likelihood of high school graduation, Lighthouse provides a year-round meeting place for middle and high school youth in the Lincoln, Nebraska area in which academic support, evening meals and enrichment/recreational activities are provided during non-school hours, in a safe, supervised, and nurturing environment.

b. Education

This program targets those individuals that the schools, juvenile justice system, and Lighthouse personnel identify as having problems with attendance, and works directly with the schools, parents, and other community resources to help establish each young person's success in the learning environment and lower truancy rates. The program also works to decrease the number of young people detained for truancy related problems.

3. Compensated Absences

The organization maintains vacation and sick leave policies. Carryover of unused leave into the next fiscal year is not permitted. Therefore, no liability for compensated absences exists as of June 30, 2020.

4. Property and Equipment

Property and equipment at June 30, 2020, consist of the following:

Building, land and improvements	\$ 1,571,577
Vehicles	72,777
Furniture and equipment	166,907
	\$ 1,811,261
Less accumulated depreciation	(611,241)
Property and equipment, net	\$ 1,200,020

5. Net Assets

Net Assets at June 30, 2020, consist of the following:

Net Assets without donor restrictions:	
Undesignated	\$ 276,132
Net investment in property and equipment	1,200,020
Total Net Assets without donor restrictions:	\$ 1,476,152

6. Liquidity

The organization's financial assets available for general expenditure within one year of June 30, 2020, are as follows:

Total assets at year end	\$ 1,630,430
Less:	
Prepaid expenses	(5,602)
Property and equipment	(1,200,020)
Financial assets available at year end for general expenditure	\$ 424,808

Lighthouse
Notes to Financial Statements
June 30, 2020

7. Retirement Plan

The organization adopted a Simple-IRA plan effective October 1, 2003. The organization contributes 3% of compensation of each eligible employee to the plan. The organization's contribution for the year ended June 30, 2020, was \$10,202.

8. Related Party Transactions

Lighthouse receives distributions from Lighthouse Foundation, a nonprofit entity organized for the exclusive purpose of supporting Lighthouse.

For the year ending June 30, 2020, Lighthouse Foundation recognized revenues totaling (\$73,881) and incurred expenses totaling \$112,532, of which \$69,651 represents funds paid on behalf of, or to be distributed to Lighthouse for the following: \$51,057 operations support, \$12,851 for purchases of furniture and equipment, and \$5,743 for facility maintenance costs. At June 30, 2020, Lighthouse Foundation's net assets totaled \$1,651,789.

9. Concentration of Credit Risk

The organization maintains a bank account at one institution. The Federal Deposit Insurance Corporation (FDIC) insures funds up to \$250,000 per institution. The organization's bank balance is within the FDIC limits at June 30, 2020.

10. Loan Payable

On April 13, 2020, the Organization was granted a loan in the aggregate amount of \$120,700, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, in the form of a note dated April 13, 2020, with a maturity date of April 13, 2022, bears interest at a rate of 1% per annum, payable monthly commencing November 13, 2020. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. The loan and accrued interest are forgivable if the Organization uses the loan proceeds for eligible purposes, which includes payroll costs, benefits, rent and utilities, and maintains its payroll levels, as defined. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, forgiveness is not assured. However, because of the likelihood the entire loan will be forgiven during the next fiscal year, the loan has been classified as a current liability.