

LIGHTHOUSE FAMILY RETREAT, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

Years Ended December 31, 2022 and 2021

MLR Mersereau, Lazenby & Rockas, LLC
Certified Public Accountants

Principled | Personal | Professional

LIGHTHOUSE FAMILY RETREAT, INC.

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Independent Auditors' Report

Board of Directors
Lighthouse Family Retreat, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lighthouse Family Retreat, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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 Family Retreat, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibility 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 Lighthouse

Family Retreat, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 GAAS 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 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 GAAS, 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 Lighthouse Family Retreat, Inc.'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 Lighthouse Family Retreat, Inc.'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 audit.

Mersereau, Lazenby & Rockas, LLC

Mersereau, Lazenby & Rockas, LLC
Suwanee, Georgia

November 30, 2023

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS		2022	2021
CURRENT ASSETS			
Cash		\$ 2,650,654	\$ 2,375,381
Investments		12,288	18,894
Contributions receivable		10,000	-
Other receivables		17,946	244,543
Prepaid expenses and other assets		115,692	119,102
Total current assets		2,806,580	2,757,920
PROPERTY AND EQUIPMENT			
Property and equipment, net of accumulated depreciation of \$216,719 and \$204,910 in 2022 and 2021		52,444	71,355
NONCURRENT ASSETS			
Security deposits		2,150	2,150
Right of use lease asset		74,177	-
Total noncurrent assets		76,327	2,150
TOTAL ASSETS		2,935,351	2,831,425
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable		88,732	37,064
Accrued expenses		24,853	23,773
Right of use liability - current		38,262	-
Total current liabilities		151,847	60,837
NONCURRENT LIABILITIES			
Right of use liability - noncurrent		34,307	-
TOTAL LIABILITIES		186,154	60,837
NET ASSETS			
Without donor restrictions			
Without donor restrictions - expendable		2,271,742	2,350,183
Without donor restrictions - net investment in property & equipment		52,444	71,355
Total net assets without donor restrictions		2,324,186	2,421,538
With donor restrictions			
		425,011	349,050
TOTAL NET ASSETS		2,749,197	2,770,588
TOTAL LIABILITIES AND NET ASSETS		\$ 2,935,351	\$ 2,831,425

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 2,086,487	\$ 2,221,625	\$ 4,308,112	\$ 2,000,964	\$ 1,878,529	\$ 3,879,493
In-kind contributions	235,545	-	235,545	133,290	-	133,290
Donated Securities	24,829	-	24,829	27,812	-	27,812
PPP and ERC income	9,654	-	9,654	466,743	-	466,743
Other income	(414)	-	(414)	1,262	-	1,262
	<u>2,356,101</u>	<u>2,221,625</u>	<u>4,577,726</u>	<u>2,630,071</u>	<u>1,878,529</u>	<u>4,508,600</u>
Sales revenue	45,630	-	45,630	46,359	-	46,359
Cost of goods sold	(30,085)	-	(30,085)	(23,248)	-	(23,248)
Net sales revenue	15,545	-	15,545	23,111	-	23,111
Fundraising revenue	220,778	-	220,778	299,151	-	299,151
Direct fundraising expense	(86,485)	-	(86,485)	(122,379)	-	(122,379)
Net fundraising	134,293	-	134,293	176,772	-	176,772
Net assets released from restrictions:						
Satisfaction of program restrictions	2,145,664	(2,145,664)	-	2,010,529	(2,010,529)	-
Total support and revenue	<u>4,651,603</u>	<u>75,961</u>	<u>4,727,564</u>	<u>4,840,483</u>	<u>(132,000)</u>	<u>4,708,483</u>
EXPENSES						
Program services	3,746,116	-	3,746,116	3,367,571	-	3,367,571
Management and general	301,839	-	301,839	281,822	-	281,822
Fundraising	701,000	-	701,000	690,906	-	690,906
Total expenses	<u>4,748,955</u>	<u>-</u>	<u>4,748,955</u>	<u>4,340,299</u>	<u>-</u>	<u>4,340,299</u>
CHANGE IN NET ASSETS	(97,352)	75,961	(21,391)	500,184	(132,000)	368,184
NET ASSETS, Beginning of year	<u>2,421,538</u>	<u>349,050</u>	<u>2,770,588</u>	<u>1,921,354</u>	<u>481,050</u>	<u>2,402,404</u>
NET ASSETS, End of year	<u>\$ 2,324,186</u>	<u>\$ 425,011</u>	<u>\$ 2,749,197</u>	<u>\$ 2,421,538</u>	<u>\$ 349,050</u>	<u>\$ 2,770,588</u>

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Compensation	\$ 1,157,581	\$ 130,432	\$ 342,382	\$ 1,630,395	\$ 1,167,391	\$ 75,730	\$ 340,489	\$ 1,583,610
Bank fees	28,215	6,371	10,922	45,508	29,365	-	4,737	34,102
Conferences and meetings	4,703	29,578	12,195	46,476	29,889	13,280	6,223	49,392
Cost of goods sold	30,085	-	-	30,085	23,248	-	-	23,248
Depreciation	24,325	4,423	2,843	31,591	28,488	3,330	5,180	36,998
Direct fundraising expense	-	-	86,485	86,485	-	-	122,379	122,379
Insurance	45,828	8,332	5,357	59,517	51,865	274	9,430	61,569
Marketing and promotion	40,374	3,272	194,061	237,707	304	11,177	152,409	163,890
Miscellaneous expenses	2,502	19,834	4,153	26,489	4,758	9,424	3,915	18,097
Occupancy	93,941	17,239	10,980	122,160	74,030	12,704	21,592	108,326
Printing and postage	19,501	3,546	2,279	25,326	20,290	2,372	3,994	26,656
Professional fees	138,863	66,126	16,053	221,042	29,403	140,066	83,467	252,936
Retreat activities	646,908	-	-	646,908	533,698	-	-	533,698
Retreat housing	1,334,193	-	-	1,334,193	1,207,649	-	-	1,207,649
Supplies and materials	25,785	1,991	41,309	69,085	11,892	5,679	20,516	38,087
Telephone and technology	44,564	5,021	13,181	62,766	37,141	3,611	10,833	51,585
Travel	138,833	5,674	45,285	189,792	141,408	4,175	28,121	173,704
Total expenses by function	<u>\$ 3,776,201</u>	<u>\$ 301,839</u>	<u>\$ 787,485</u>	<u>\$ 4,865,525</u>	<u>\$ 3,390,819</u>	<u>\$ 281,822</u>	<u>\$ 813,285</u>	<u>\$ 4,485,926</u>
Less expenses included with revenues in the statement of activities								
Cost of goods sold	(30,085)	-	-	(30,085)	(23,248)	-	-	(23,248)
Direct fundraising expense	-	-	(86,485)	(86,485)	-	-	(122,379)	(122,379)
Total expenses included in the expense section in the statement of activities	<u>\$ 3,746,116</u>	<u>\$ 301,839</u>	<u>\$ 701,000</u>	<u>\$ 4,748,955</u>	<u>\$ 3,367,571</u>	<u>\$ 281,822</u>	<u>\$ 690,906</u>	<u>\$ 4,340,299</u>
Percentage of total expenses	79%	6%	15%	100%	78%	6%	16%	100%

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (21,391)	\$ 368,184
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	31,591	36,998
Donated securities	(24,829)	(27,812)
Net realized and unrealized investment gain	362	(854)
Net loss on disposal of fixed assets	-	147
(Increase) decrease in assets:		
Contributions receivable	(10,000)	-
Other receivables	226,597	(244,543)
Prepaid expenses and other assets	3,410	(42,564)
Increase (decrease) in liabilities:		
Accounts payable	51,668	27,899
Accrued expenses	1,080	(8,602)
CASH PROVIDED BY OPERATING ACTIVITIES	258,488	108,853
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(18,175)	(33,754)
Sale of property and equipment	5,495	300
Sale of investments	31,073	23,077
Acquisition of operating lease right of use asset	(125,718)	-
CASH USED FOR INVESTING ACTIVITIES	(107,325)	(10,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of operating lease liability	112,156	-
Payments on operating lease obligations	11,954	-
PPP loan proceeds	-	(222,200)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	124,110	(222,200)
NET INCREASE (DECREASE) IN CASH	275,273	(123,724)
CASH, Beginning of year	2,375,381	2,499,105
CASH, End of year	\$ 2,650,654	\$ 2,375,381

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 1: NATURE OF ORGANIZATION

Lighthouse Family Retreat, Inc. (“Lighthouse” or “the Organization”) is a ministry that serves families living through childhood cancer. Lighthouse was established in 1999 under the laws of the State of Georgia as a not-for-profit corporation. The Organization designs programs to create environments on seaside retreats that provide a week away from the chaos of childhood cancer for families to rest, reconnect as a family, experience joy and find hope in God. Lighthouse is supported through the contributions of interested individuals, churches, foundations, and businesses.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature and will be met by actions of the Organization or with the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor stipulates that the funds be maintained in perpetuity.

Basis of Accounting

The financial statements of Lighthouse have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash

Cash includes all monies in banks and is held in banks covered by the Federal Deposit Insurance Corporation up to \$250,000. Deposits in excess of federally insured limits totaled \$1,347,137 and \$899,005 as of December 31, 2022 and 2021, respectively. Management believes it is not exposed to any significant credit risk on cash, although its balances have exceeded federally insured limits.

Investments

Investments are reported at fair value and realized and unrealized gains and losses are reflected in the statements of activities. Note 9 describes how fair value is determined.

Prepaid Expenses

Prepaid expenses include insurance premiums for coverage into the following year and facilities and supplies purchased for retreat and fundraising events in the subsequent period.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Lighthouse capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset, which is generally three to seven years. Lighthouse charges maintenance and repairs to expense in the current period. Acquisitions are capitalized and depreciated each year. Gains and losses on dispositions are included in earnings in the period of disposition.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities, unconditional promises to give, and other assets are received. They are recorded as increases to net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 restrictions.

Lighthouse receives a considerable number of hours of non-professional services donated by volunteers in carrying out its ministry. The volunteer services received do not meet the criteria for recognition according to US GAAP. Accordingly, no amounts for contributed non-professional volunteer services have been recorded in the financial statements.

The Organization also receives a substantial amount of in-kind donations, such as food, housing, equipment rentals, supplies and professional services which are used during the retreats. In addition, they receive a discount on their office lease. These donations do meet the criteria for recognition and are reported in the statement of activities as non-cash contributions and functional expenses. See Note 10 for a schedule of contributed goods and services. Non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Lighthouse receives occasional contribution of stocks from donors. Donated marketable securities are recorded as contributions at their estimated fair values at the date of donation. It is the Organization's policy to sell donated securities as soon as practicable upon receipt. Accordingly, market value will approximate cost.

Marketing and Promotional Events

All costs for marketing and promotional events are expensed in the period they are incurred. Total marketing and promotional expenses for the years ended December 31, 2022 and 2021 were \$237,707 and \$163,890, respectively.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code (“the Code”) Section 501(c)(3) and the Georgia Revenue and Taxation Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Estimates in the Financial Statements

The preparation of financial statements in conformity with US GAAP 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. Depreciation is estimated using the straight-line method in accordance with US GAAP. Certain amounts included in the statement of functional expenses are allocated based on actual use estimated by each program. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as compensation, rent and communications, have been allocated among the program services and supporting activities benefited.

<u>Functional Expense</u>	<u>Allocation Meth</u>
Bank fees	Usage
Compensation	Time and effort
Depreciation expense	Square footage
General office	Usage
Insurance	Square footage
Marketing and promotion	Usage
Occupancy	Square footage
Professional fees	Usage
Telephone and technology	Time and effort
Travel	Usage

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditures within one year of December 31:

	2022	2021
Financial assets at year-end		
Cash	\$ 2,650,654	\$ 2,375,381
Investments	12,288	18,894
Other receivables	17,946	244,543
Prepaid expenses and other assets	192,019	108,245
Financial assets at year-end	2,872,907	2,747,063
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions: restricted by donor with time or purpose restrictions	(425,011)	(349,050)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,447,896	\$ 2,398,013

The Organization regularly monitors liquidity required to meet operating needs and other commitments. In addition to financial assets available to meet general expenditures over the next twelve months, Lighthouse anticipates collecting sufficient revenue to cover general expenditures which are not funded by donor restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization’s cash.

NOTE 4: INVESTMENTS

Investments are presented at fair value and are composed of securities. The balance was \$12,288 and \$18,894 as of December 31, 2022 and 2021, respectively.

Investment income consists of:

	2022	2021
Interest and dividends	\$ 8	\$ 22
Realized gains	387	4
Unrealized gains	(749)	880
Total investment gains	\$ (354)	\$ 906

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 5: PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	2022	2021
Furniture and equipment	\$ 87,916	\$ 88,462
Office computers	42,816	49,372
Website	18,934	18,934
Computer software	23,200	23,200
Vehicles	96,297	96,297
	269,163	276,265
Less accumulated depreciation	(216,719)	(204,910)
Total property and equipment	\$ 52,444	\$ 71,355

Depreciation expense totaled \$31,591 and \$36,998 for the years ended December 31, 2022 and 2021, respectively.

NOTE 6: REVENUE FROM CONTRACTS WITH CUSTOMERS

Lighthouse has adopted Accounting Standards Update (ASU) No. 2014-09 – *Revenue from Contracts with Customers (Topic 606)*, as amended as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way Lighthouse recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

The disaggregation of revenue by type is depicted on the face of the statements of activities. No contract assets or contract liabilities (or changes thereto) were recorded for the periods ending December 31, 2021 or 2020. See the Revenue and Revenue Recognition section under Note 2 for further information.

Note 15 includes a detailed description of PPP and ERC income recognized for the years ended December 31, 2022 and 2021.

NOTE 7: LEASES

As of January 1, 2022 the Organization adopted the Accounting Standards Update (ASU) No. 2016-02 – *Leases (Topic 842)*, which supersedes previous guidance on leases provided by US GAAP. The standard was adopted for the year ended December 31, 2022 and was not retrospectively applied. All leases held by the Organization have been classified as operating leases.

Lighthouse entered into a 5-year agreement for a copier in their Georgia location on March 27, 2018. The lease specifies 60 monthly payments of \$249.

In February 2021 the Organization signed a 48-month lease for a postage meter in the new Georgia office location. This lease requires payments of \$30 to be made on a monthly basis.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 7: LEASES (continued)

On December 15, 2018 Lighthouse renewed a new three-year lease agreement for the Florida office location which called for monthly payments of \$2,000. This lease was renewed as of December 15, 2021 for payments of \$2,200 per month, net of \$900 per month in-kind.

A lease agreement was signed on February 28, 2020 for the new Georgia office location with a term of 12 months. The lease terms specified monthly payments of \$3,800, net of \$2,714 per month in-kind. This lease was renewed for an additional 12-month term in February 2021, calling for monthly payments of \$3,873, net of \$2,804 per month in-kind. Subsequently the lease was renewed for 12 months, to expire on February 28, 2023. This term agreement includes monthly payments of \$3,969, net of \$3,024 in-kind contributions.

The future minimum noncancelable lease payments required under these leases are as follows:

Year ending December 31,	
2023	\$ 38,801
2024	34,456
2025	-
2026	-
2027	-
Total lease payments	<u>73,257</u>
Less imputed interest	<u>(688)</u>
Total lease liability	<u><u>\$ 72,569</u></u>

According to ASC 842, the discount rate is based on the discount rate implicit in the lease. However, the Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms, as the discount rate is not readily determinable. The risk-free rate option has been applied to the lease assets held by the Organization.

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the Organization's leases:

	<u>2022</u>
Weighted-average remaining lease term in years	1.94
Weighted-average discount rate	1.05%

Office rent expense under the leases was \$119,091 and \$102,819 for the years ending December 31, 2022 and 2021, respectively.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2022 and 2021

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions have the following time and purpose restrictions:

	Year Ended December 31, 2022			
	Balance 12/31/2021	Restricted Revenue	Restrictions Satisfied	Balance 12/31/2022
Family partner support	\$ 26,938	\$ 1,963,725	\$ (1,937,901)	\$ 52,762
Family resources	63,493	93,900	(92,871)	64,522
Retreat programming	198,402	164,000	(113,801)	248,601
Warehouse and vehicle	60,217	-	(1,091)	59,126
Other designations	-	-	-	-
Total net assets with donor restrictions	<u>\$ 349,050</u>	<u>\$ 2,221,625</u>	<u>\$ (2,145,664)</u>	<u>\$ 425,011</u>

	Year Ended December 31, 2021			
	Balance 12/31/2020	Restricted Revenue	Restrictions Satisfied	Balance 12/31/2021
Family partner support	\$ 244,887	\$ 1,615,172	\$ (1,833,121)	\$ 26,938
Family resources	99,780	45,066	(81,353)	63,493
Retreat programming	97,967	189,291	(88,856)	198,402
Warehouse and vehicle	36,916	29,000	(5,699)	60,217
Other designations	1,500	-	(1,500)	-
Total net assets with donor restrictions	<u>\$ 481,050</u>	<u>\$ 1,878,529</u>	<u>\$ (2,010,529)</u>	<u>\$ 349,050</u>

NOTE 9: FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. US GAAP establishes a hierarchy of inputs to valuation of that price using three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date. Level 2 inputs are those other than Level 1 inputs which are either directly or indirectly observable. Level 3 inputs are unobservable to the Organization.

The fair value of cash and investments approximate the carrying values on the statement of financial position as the nature of the assets held by Lighthouse are Level 1 on the fair value hierarchy.

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NOTE 10: IN-KIND CONTRIBUTIONS

The Organization has adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Adoption of this standard did not have a significant impact on the financial statements, with the exception of the increased disclosure.

Lighthouse recognized the in-kind contributions below as a separate line item on the statement of activities. In-kind contributions consist of the following for the year ended December 31:

	2022	2021
Rental facilities for retreats	\$ 136,924	\$ 69,805
Activities for retreats	53,692	30,556
Georgia office lease donated amount	44,930	32,929
Total in-kind contributions	\$ 235,546	\$ 133,290

Contributions and discounts associated with rental facilities used on program retreat are valued based on the listed price of the facilities. The contributed portion of the Georgia office lease is included in the lease contract and is based on the market value of the office rental. Contributions related to program retreat activities are based on the market value of each contribution or cost as shown on the receipt. Retreat activity contributions include: food donated for retreat families; supplies purchased from Amazon wish list; gift cards to send to individuals on retreat waitlists; and bike rentals, golf cart rentals, and bonfire supplies for program retreats.

NOTE 11: RETIREMENT PLAN

Lighthouse provides a 403(b) retirement plan administered by Principal Financial Group which covers all qualified employees. Lighthouse's contributions to the plan are discretionary, and included contributions totaling \$51,208 and \$50,596 in the years ended December 31, 2022 and 2021, respectively.

NOTE 12: RELATED PARTY TRANSACTIONS

A spouse of an employee at Lighthouse is a sales representative for a vendor and the sole owner of another business that provides services to the Organization. Lighthouse paid these two businesses a total of \$119,666 in 2022, of which \$9,825 was for services and \$109,841 was for materials. In 2021 a total of \$76,374 was paid to these two related parties, \$14,227 for services and \$62,147 for materials. Management has chosen to conduct these transactions at arms-length and has received Board approval.

For the years ending December 31, 2022 and 2021, Board members contributed approximately 6% and 7% of the total revenue for Lighthouse, respectively.

NOTE 13: CONCENTRATIONS

A vendor who provides lodging for program retreats was paid \$647,722 and \$587,492 for the years ended December 31, 2022 and 2021, respectively, which was approximately 14% and 13% of total expenses for the respective years. The Organization does not anticipate any changes in the relationship with the vendor.

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NOTE 14: RISKS AND UNCERTAINTIES

COVID-19 effects continue to pose an uncertain threat to financial conditions within the overall marketplace; however, this threat has become a routine consideration of management.

NOTE 15: PPP AND ERC INCOME

As part of the response to the impact of COVID-19, the Organization applied for a Payroll Protection Program (“PPP”) loan, administered by the Small Business Administration (“SBA”), under the Coronavirus Aid, Relief and Economic Security (“CARES”) Act, which was signed into law in March 2020. The Organization was approved for a PPP loan from the SBA of \$222,200, which was forgiven in full as of October 21, 2021

In addition, Lighthouse applied for the Employee Retention Tax Credit (“ERC”), under the CARES Act. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter.

During 2022 and 2021, the Organization recognized \$9,654 and \$244,543, respectively, provided by the ERC, which is the full refund allowed under the ERC. This gross amount is reflected on the Statement of Activities as ERC income without donor restrictions. The amount received in 2022 was recorded as an other receivable on the Statement of Financial Position in 2021. To assist with the application for the credit, the Organization engaged a professional firm and paid professional service expenses totaling \$36,681, which equals 15% of the credit due.

The Organization concluded that all significant barriers of eligibility were overcome in recognition of the credit as it pertains to its revenue recognition policy. However, laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review.

NOTE 16: RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year presentation. Total changes in net assets were not affected.

NOTE 17: SUBSEQUENT EVENTS

Lighthouse has evaluated subsequent events through November 30, 2023, which represents the date the financial statements were available to be issued.