

LIGHTHOUSE FAMILY RETREAT, INC.

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITORS' REPORT

Years Ended December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020, 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, 2022

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash	\$ 2,375,381	\$ 2,499,105
Investments	18,894	13,305
Other receivables	244,543	-
Inventory	13,007	21,599
Prepaid expenses and other assets	108,245	57,089
Total current assets	2,760,070	2,591,098
PROPERTY AND EQUIPMENT		
Property and equipment, net of accumulated depreciation of \$204,910 and \$174,386 in 2021 and 2020	71,355	75,046
Total property and equipment	71,355	75,046
TOTAL ASSETS	2,831,425	2,666,144
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	37,064	9,165
Accrued expenses	23,773	32,375
PPP loan	-	222,200
TOTAL LIABILITIES	60,837	263,740
NET ASSETS		
Without donor restrictions		
Without donor restrictions - expendable	2,350,183	1,846,308
Without donor restrictions - net investment in property & equipment	71,355	75,046
Total net assets without donor restrictions	2,421,538	1,921,354
With donor restrictions	349,050	481,050
TOTAL NET ASSETS	2,770,588	2,402,404
TOTAL LIABILITIES AND NET ASSETS	\$ 2,831,425	\$ 2,666,144

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 2,101,325	\$ 1,778,168	\$ 3,879,493	\$ 2,303,238	\$ 541,309	\$ 2,844,547
In-kind contributions	60,741	100,361	161,102	179,438	-	179,438
PPP and ERC income	466,743	-	466,743	-	-	-
Other income	1,262	-	1,262	1,518	-	1,518
	<u>2,630,071</u>	<u>1,878,529</u>	<u>4,508,600</u>	<u>2,484,194</u>	<u>541,309</u>	<u>3,025,503</u>
Sales revenue	46,359	-	46,359	4,266	-	4,266
Cost of goods sold	(23,248)	-	(23,248)	(1,161)	-	(1,161)
Net sales revenue	23,111	-	23,111	3,105	-	3,105
Fundraising revenue	299,151	-	299,151	92,414	-	92,414
Direct fundraising expense	(122,379)	-	(122,379)	(15,674)	-	(15,674)
Net fundraising	176,772	-	176,772	76,740	-	76,740
Net assets released from restrictions:						
Satisfaction of program restrictions	2,010,529	(2,010,529)	-	210,520	(210,520)	-
Total support and revenue	<u>4,840,483</u>	<u>(132,000)</u>	<u>4,708,483</u>	<u>2,774,559</u>	<u>330,789</u>	<u>3,105,348</u>
EXPENSES						
Program services	3,367,571	-	3,367,571	1,695,485	-	1,695,485
Management and general	281,822	-	281,822	234,328	-	234,328
Fundraising	690,906	-	690,906	375,983	-	375,983
Total expenses	<u>4,340,299</u>	<u>-</u>	<u>4,340,299</u>	<u>2,305,796</u>	<u>-</u>	<u>2,305,796</u>
CHANGE IN NET ASSETS	500,184	(132,000)	368,184	468,763	330,789	799,552
NET ASSETS, Beginning of year	<u>1,921,354</u>	<u>481,050</u>	<u>2,402,404</u>	<u>1,452,591</u>	<u>150,261</u>	<u>1,602,852</u>
NET ASSETS, End 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>

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Compensation	\$ 1,167,391	\$ 75,730	\$ 340,489	\$ 1,583,610	\$ 1,079,742	\$ 115,173	\$ 244,741	\$ 1,439,656
Bank fees	29,365	-	4,737	34,102	17,162	1,831	3,890	22,883
Conferences and meetings	29,889	13,280	6,223	49,392	197	9,397	7,598	17,192
Cost of goods sold	23,248	-	-	23,248	1,161	-	-	1,161
Depreciation	28,488	3,330	5,180	36,998	36,641	3,908	8,305	48,854
Direct fundraising expense	-	-	122,379	122,379	-	-	15,674	15,674
Insurance	51,865	274	9,430	61,569	25,073	2,674	5,683	33,430
Marketing and promotion	304	11,177	152,409	163,890	22,779	3,984	27,834	54,597
Miscellaneous expenses	4,758	9,424	3,915	18,097	971	5,407	5,902	12,280
Occupancy	74,030	12,704	21,592	108,326	111,131	6,229	25,190	142,550
Printing and postage	20,290	2,372	3,994	26,656	3,288	6,808	2,216	12,312
Professional fees	29,403	140,066	83,467	252,936	3,547	69,063	20,630	93,240
Retreat activities	533,698	-	-	533,698	243,672	-	-	243,672
Retreat housing	1,207,649	-	-	1,207,649	54,688	-	-	54,688
Supplies and materials	11,892	5,679	20,516	38,087	37,075	546	7,269	44,890
Telephone and technology	37,141	3,611	10,833	51,585	38,691	4,127	8,769	51,587
Travel	141,408	4,175	28,121	173,704	20,828	5,181	7,956	33,965
Total expenses by function	<u>\$ 3,390,819</u>	<u>\$ 281,822</u>	<u>\$ 813,285</u>	<u>\$ 4,485,926</u>	<u>\$ 1,696,646</u>	<u>\$ 234,328</u>	<u>\$ 391,657</u>	<u>\$ 2,322,631</u>
Less expenses included with revenues in the statement of activities								
Cost of goods sold	(23,248)	-	-	(23,248)	(1,161)	-	-	(1,161)
Direct fundraising expense	-	-	(122,379)	(122,379)	-	-	(15,674)	(15,674)
Total expenses included in the expense section in the statement of activities	<u>\$ 3,367,571</u>	<u>\$ 281,822</u>	<u>\$ 690,906</u>	<u>\$ 4,340,299</u>	<u>\$ 1,695,485</u>	<u>\$ 234,328</u>	<u>\$ 375,983</u>	<u>\$ 2,305,796</u>
Percentage of total expenses	78%	6%	16%	100%	74%	10%	16%	100%

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 368,184	\$ 799,552
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	36,998	48,854
Investments contributed	(27,812)	(56,659)
Net realized and unrealized investment gain	(854)	(173)
Net loss on disposal of fixed assets	147	-
(Increase) decrease in assets:		
Contributions receivable	-	32,850
Other receivables	(244,543)	16,279
Inventory	8,592	(9,052)
Prepaid expenses and other assets	(51,156)	(19,299)
Increase (decrease) in liabilities:		
Accounts payable	27,899	(40,145)
Accrued expenses	(8,602)	(13,139)
CASH PROVIDED BY OPERATING ACTIVITIES	108,853	759,068
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(33,755)	(22,509)
Sale of property and equipment	300	-
Sale of investments	23,077	43,527
CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	(10,378)	21,018
CASH FLOWS FROM FINANCING ACTIVITIES		
PPP loan proceeds	(222,200)	222,200
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(222,200)	222,200
NET (DECREASE) INCREASE IN CASH	(123,725)	1,002,286
CASH, Beginning of year	2,499,105	1,496,819
CASH, End of year	\$ 2,375,380	\$ 2,499,105

See auditors' report and accompanying notes to financial statements

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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 the 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 \$899,005 and \$1,195,716 as of December 31, 2021 and 2020, 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.

Inventory

Inventory is recorded for merchandise sold through an online store. The inventory is generally sold or used within the next program year and may be purchased or donated. Inventory is recorded at cost and reflects the amount remaining at year end under the first in, first out (FIFO) valuation method.

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, 2021 and 2020

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 and occasional contribution of stocks from donors. 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. It is the Organization's policy to sell donated securities as soon as practicable upon receipt. Accordingly, market value will approximate cost. Donated marketable securities and other 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.

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, 2021 and 2020 were \$163,890 and \$54,597, respectively.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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 Method</u>
Bank fees	Usage
Compensation	Time and effort
Depreciation expense	Square footage
General office	Usage
Insurance	Square footage
Occupancy	Square footage
Telephone and technology	Time and effort

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 3: AVAILABILITY AND LIQUIDITY

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

	2021	2020
Financial assets at year-end		
Cash	\$ 2,375,381	\$ 2,499,105
Investments	18,894	13,305
Other receivables	244,543	-
Prepaid expenses and other assets	108,245	57,089
Financial assets at year-end	2,747,063	2,569,499
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions: restricted by donor with time or purpose restrictions	(349,050)	(481,050)
Financial assets available to meet general expenditures over the next twelve months	\$ 2,398,013	\$ 2,088,449

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 \$18,894 and \$13,305 as of December 31, 2021 and 2020, respectively.

Investment income consists of:

	2021	2020
Interest and dividends	\$ 22	\$ 173
Realized gains	4	-
Unrealized gains	880	-
Total investment gains	\$ 906	\$ 173

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 5: PROPERTY AND EQUIPMENT

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

	2021	2020
Furniture and equipment	\$ 88,462	\$ 78,029
Office computers	49,372	41,932
Website	18,934	18,934
Computer software	23,200	23,200
Vehicles	96,297	87,337
	276,265	249,432
Less accumulated depreciation	(204,910)	(174,386)
Total property and equipment	\$ 71,355	\$ 75,046

Depreciation expense totaled \$36,998 and \$48,854 for the years ended December 31, 2021 and 2020, 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 year ended December 31, 2021.

NOTE 7: OPERATING LEASE

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.

Lighthouse entered into a lease agreement for their Georgia office space in 2016. The lease commenced in March 2016 with a term of 62 months. Monthly payments specified in the lease were \$3,268. On March 1, 2020, Lighthouse moved office locations in Georgia. A payout of the remaining term of the 2016 lease was required and disbursed in 2020, resulting in an unusually high lease expense for that year.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 7: OPERATING LEASE (continued)

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, set to expire on February 28, 2022. The updated terms call 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.

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.

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

Year ending December 31,	
2022	\$ 26,760
2023	26,760
2024	25,660
2025	30
2026	-
Total	<u>\$ 79,210</u>

Office rent expense under the leases was \$102,819 and \$136,820 for the years ending December 31, 2021 and 2020, respectively.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

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

	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>

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS (continued)

	Year Ended December 31, 2020			
	Balance 12/31/2019	Restricted Revenue	Restrictions Satisfied	Balance 12/31/2020
Family partner support	\$ 58,951	\$ 350,029	\$ (164,093)	\$ 244,887
Family resources	-	99,780	-	99,780
Retreat programming	37,967	90,000	(30,000)	97,967
Warehouse and vehicle	53,343	-	(16,427)	36,916
Other designations	-	1,500	-	1,500
Total net assets with donor restrictions	<u>\$ 150,261</u>	<u>\$ 541,309</u>	<u>\$ (210,520)</u>	<u>\$ 481,050</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.

NOTE 10: IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following for the year ended December 31:

	2021	2020
Rental facilities for retreats	\$ 69,805	\$ 18,137
Activities for retreats	30,556	90,350
Stock donations	27,812	43,811
Georgia office lease donated amount	32,929	27,140
Total in-kind contributions	<u>\$ 161,102</u>	<u>\$ 179,438</u>

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 \$50,596 and \$46,012 in the years ended December 31, 2021 and 2020, respectively.

LIGHTHOUSE FAMILY RETREAT, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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 \$76,374 in 2021, of which \$14,227 was for services and \$62,147 was for materials. In 2020 a total of \$87,861 was paid to these two related parties, \$3,888 for services and \$83,973 for materials. Management has chosen to conduct these transactions at arms-length and has received Board approval.

For the years ending December 31, 2021 and 2020, Board members contributed approximately 7% and 9% of total revenue for Lighthouse, respectively.

NOTE 13: CONCENTRATIONS

A vendor who provides lodging for program retreats was paid \$587,492 in 2021, which was approximately 13% of total expenses for the year. In 2020, one donor contributed a total of \$438,500 which is approximately 14% of total revenues received. The Organization does not anticipate any future changes in the relationship with the donor or vendor.

NOTE 14: RISKS AND UNCERTAINTIES

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a “Public Health Emergency of International Concern.” The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments: including the duration and spread of the outbreak, impact on donors, volunteers and vendors, all of which are uncertain and cannot be predicted.

Due to the vulnerability of the individuals served by the program, all but a few retreats in 2020 were cancelled and other programs were implemented. Operations returned to normal in 2021. At this time, the extent to which COVID-19 may continue to impact financial condition or results of operations in the future is uncertain.

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 is eligible 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.

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NOTE 15: PPP AND ERC INCOME (continued)

During 2021, the Organization recognized \$244,543 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 and as an other receivable on the Statement of Financial Position. To assist with the application for the credit, the Organization engaged a professional firm and has accrued professional service expenses totaling \$36,681, which equals 15% of the credit due.

The Organization concluded that all significant barriers of eligibility have been 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. During 2022, Lighthouse received a full refund for the ERC credit as explained in Note 16.

NOTE 16: SUBSEQUENT EVENTS

Lighthouse has evaluated subsequent events through November 30, 2022, which represents the date the financial statements were available to be issued. The Organization received a refund in March 2022 for the ERC. This is described in detail in Note 15.