



Abrams
Foster
Nole &
Williams, P.A.

**LIGHT HEALTH AND WELLNESS
COMPREHENSIVE SERVICES, INC.**

**Financial Statements
and
Independent Auditor's Report**

Years Ended February 28, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
LIGHT Health and Wellness Comprehensive Services, Inc.
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of LIGHT Health and Wellness Comprehensive Services, Inc. (the Organization), which comprise the statements of financial position as of February 28, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Certified Public Accountants & Business Advisors

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of February 28, 2019 and 2018, and the changes in its net assets, functional expenses and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

August 25, 2019

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statements of Financial Position
February 28, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash	\$ 37,736	\$ 180,736
Accounts receivable	6,163	-
Grants receivable	82,172	72,881
Prepaid expense	4,989	4,989
Total current assets	131,060	258,606
Property and Equipment		
Furniture & equipment	183,052	183,052
Vehicle	27,880	27,880
Total property and equipment	210,932	210,932
Less: Accumulated depreciation	(117,110)	(87,822)
Net property and equipment	93,822	123,110
Total Assets	\$ 224,882	\$ 381,716
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 85,658	\$ 61,312
Accrued payroll	22,494	19,316
Deferred revenue	16,670	186,328
Line of credit	75,000	50,000
Lease payable	3,469	3,268
Total current liabilities	203,291	320,225
Long Term Liabilities		
Lease payable, net of current portion	5,284	8,753
Loan from officers	10,000	-
Total long term liabilities	15,284	8,753
Total liabilities	218,575	328,978
Net Assets		
Without donor restrictions	6,307	52,738
Total net assets	6,307	52,738
Total Liabilities and Net Assets	\$ 224,882	\$ 381,716

“The accompanying notes are an integral part of the financial statements”

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statements of Activities and Changes in Net Assets
Years Ended February 28, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Support and revenue		
Federal grants	\$ 470,620	\$ 654,287
Foundation and corporate grants	229,136	165,631
Childcare revenue	221,373	170,389
Corporate and individual contributions	33,955	43,707
Fundraising	111,210	9,132
Other income	38,340	34,525
Interest income	29	-
Total unrestricted support and revenue	<u>1,104,663</u>	<u>1,077,671</u>
Expenses		
Program expenses		
Program services	<u>891,464</u>	<u>982,532</u>
Supporting services		
General and administrative	210,015	169,737
Fundraising	<u>49,615</u>	<u>6,431</u>
Total supporting services	<u>259,630</u>	<u>176,168</u>
Total expenses	<u>1,151,094</u>	<u>1,158,700</u>
(Decrease) in net assets	(46,431)	(81,029)
Net assets at beginning of year	<u>52,738</u>	<u>133,767</u>
Net Assets at End of Year	<u>\$ 6,307</u>	<u>\$ 52,738</u>

“The accompanying notes are an integral part of the financial statements”

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statement of Functional Expenses
Year Ended February 28, 2019

	Support Services				2019 Total
	Program Services	General & Administrative	Fundraising	Total Support Services	
Personnel Costs	\$ 479,524	\$ 94,154	\$ -	\$ 94,154	\$ 573,678
Employee Benefits	39,330	23,446	-	23,446	62,776
Administrative Costs	-	26,120	-	26,120	26,120
Advertising	3,269	100	-	100	3,369
Bank Charges	-	2,706	-	2,706	2,706
Class Supplies	6,497	-	-	-	6,497
Communications	39,084	-	-	-	39,084
Conferences & Meetings	15,366	503	49,615	50,118	65,484
Consultants	10,904	6,892	-	6,892	17,796
Consumer Incentives	53,959	-	-	-	53,959
Depreciation	29,288	-	-	-	29,288
Dues & Subscriptions	-	1,336	-	1,336	1,336
Food	39,548	-	-	-	39,548
Insurance	-	7,779	-	7,779	7,779
Interest Expense	-	14,692	-	14,692	14,692
Office Expense	-	4,636	-	4,636	4,636
Office Supplies	8,136	90	-	90	8,226
Payroll Taxes	39,185	9,199	-	9,199	48,384
Postage and Delivery	108	-	-	-	108
Printing	18,407	-	-	-	18,407
Professional Fees	26,826	-	-	-	26,826
Rent	54,880	13,720	-	13,720	68,600
Repairs & Maintenance	2,105	-	-	-	2,105
Travel	6,479	-	-	-	6,479
Utilities	18,569	4,642	-	4,642	23,211
Total Expenses	\$ 891,464	\$ 210,015	\$ 49,615	\$ 259,630	\$ 1,151,094

“The accompanying notes are an integral part of the financial statements”

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statement of Functional Expenses
Year Ended February 28, 2018

	Support Services				2018 Total
	Program Services	General & Administrative	Fundraising	Total Support Services	
Personnel Costs	\$ 552,839	\$ 50,632	\$ -	\$ 50,632	\$ 603,471
Employee Benefits	44,304	-	-	-	44,304
Administrative Costs	-	37,790	-	37,790	37,790
Advertising	1,044	-	-	-	1,044
Bank Charges	-	2,954	-	2,954	2,954
Class Supplies	5,140	-	-	-	5,140
Communications	25,899	-	-	-	25,899
Conferences & Meetings	48,504	1,398	6,431	7,829	56,333
Consultants	500	6,873	-	6,873	7,373
Consumer Incentives	78,397	-	-	-	78,397
Depreciation	29,220	-	-	-	29,220
Dues & Subscriptions	-	2,184	-	2,184	2,184
Evaluation Services	5,000	-	-	-	5,000
Food	34,301	-	-	-	34,301
Insurance	-	8,715	-	8,715	8,715
Interest Expense	-	9,484	-	9,484	9,484
License and Permits	-	381	-	381	381
Office Expense	316	1,247	-	1,247	1,563
Office Supplies	23,228	-	-	-	23,228
Payroll Taxes	39,230	23,205	-	23,205	62,435
Postage and Delivery	351	-	-	-	351
Printing	5,855	-	-	-	5,855
Professional Fees	9,596	-	-	-	9,596
Rent	53,821	13,455	-	13,455	67,276
Repairs & Maintenance	193	5,734	-	5,734	5,927
Travel	2,056	-	-	-	2,056
Utilities	22,738	5,685	-	5,685	28,423
Total Expenses	\$ 982,532	\$ 169,737	\$ 6,431	\$ 176,168	\$ 1,158,700

“The accompanying notes are an integral part of the financial statements”

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

**Statements of Cash Flows
Years Ended February 28, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (46,431)	\$ (81,029)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	29,288	29,220
Changes in assets and liabilities		
Decrease (increase) in assets		
Accounts receivable	(6,163)	-
Grants receivable	(9,291)	74,822
Prepaid expense	-	541
Increase (decrease) in liabilities		
Accounts payable	24,346	36,806
Accrued expenses	3,178	964
Deferred revenue	(169,658)	125,590
Funds held on behalf of others	-	(6,820)
Total adjustments	<u>(128,300)</u>	<u>261,123</u>
Net cash (used for) provided by operating activities	<u>(174,731)</u>	<u>180,094</u>
Cash Flows from Financing Activities		
Proceeds from (payments for) officer loan	10,000	-
Proceeds from (payments for) line of credit	25,000	(24,969)
Lease payments	<u>(3,269)</u>	<u>(3,078)</u>
Net cash (used for) provided by financing activities	<u>21,731</u>	<u>(28,047)</u>
Net (decrease) increase in cash	(143,000)	152,047
Cash, at beginning of year	<u>180,736</u>	<u>28,689</u>
Cash, at End of Year	<u><u>\$ 37,736</u></u>	<u><u>\$ 180,736</u></u>
Supplemental disclosure of cash flow information:		
Interest expense paid during the year	<u>\$ 14,692</u>	<u>\$ 9,484</u>
Noncash investing and financing transactions:		
Capital lease obligation	\$ (8,753)	\$ (12,021)

“The accompanying notes are an integral part of the financial statements”

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2019 and 2018

1. NATURE OF ACTIVITIES

LIGHT Health and Wellness Comprehensive Services, Inc. (the Organization) is a nonprofit corporation that provides that highest quality in child care, information, guidance and treatment services to individuals and families impacted by poverty, substance abuse, mental illness, HIV/AIDS and other long term health challenges. In addition to child care, the hub of the organization, services include Psychosocial support, Client Advocacy, Outreach, Health Education/Risk Reduction, as well as Emergency Financial Assistance for those that qualify. The mission of LIGHT is to promote the health and wellness and education of children, families, and individuals impacted by health and social disparities.

Major components of revenue are Federal pass-through funding from the Associated Black Charities, Inc., Administration For Children, Youth and Families, and other grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as the source of authoritative accounting principles generally accepted in the United States of America on the accrual basis of accounting with a fiscal year ending February 28.

B. New Accounting Pronouncement

The Organization retroactively adopted the requirements in accordance with Accounting Standards Board's Accounting Standards Update No. 2016-14-*Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in financial statements.

Amounts previously reported as unrestricted net assets are now reported as assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported assets with donor restrictions. The ASU has been applied retrospectively to the prior year. A footnote on liquidity has also been added (see note 9).

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

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

Net Assets Without Donor Restriction: 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 Organization's management and 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 the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

For the years ended February 28, 2019 and 2018, the Organization did not have any net assets with donor restrictions.

D. Revenue Recognition (gifts and donations)

All types of contributions received are deemed without donor restrictions in nature unless otherwise designated by the donor.

E. Revenue and Grants Receivable

Revenue is recorded as received and as earned from grants and contracts. Grants receivable are recorded upon accrual of earned revenue. No allowance for doubtful accounts is recorded, as management believes all receivables are fully collectible.

F. Income Tax

Under the provisions of Section 501(c)(3) of the Internal Revenue Code, LIGHT Health and Wellness Comprehensive Services, Inc. is exempt from Federal and state income taxes, except for unrelated business income, if any. Accordingly, no provision for income taxes has been made in the accompanying financial statements. An informational return Form 990 is filed annually.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Income Tax (continued)

The Internal Revenue Service has not examined (audited) any income tax returns of the Organization; thus, the previous three years are subject to examination. The Organization has not taken any questionable tax positions.

G. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

H. Accounts Receivable

Accounts receivable are recorded for sublet rental income and rendered but not yet collected at February 28. Management believes balances are fully collectible.

I. Property and Equipment

Assets are recorded at cost and are depreciated on a straight-line basis over the life of the asset. It is the Organization's policy to capitalize assets with a cost of \$500 or greater, with depreciable lives ranging from 5 to 7 years.

Depreciation expense for the years ended February 28, 2019 and 2018 was \$29,288 and \$29,220, respectively.

J. Use of Estimates

The preparation of financial statements in the 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 as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

K. Reclassification

Certain amounts in the financial statements for the year ended February 28, 2018 have been reclassified. These reclassifications were done to more accurately reflect the fiscal activity of the Organization.

L. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Notes to Financial Statements
February 28, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Deferred Revenue

Deferred revenue consists of unexpended grant funds received.

N. Advertising

All advertising costs are expensed as incurred. Advertising expense for the years ended February 28, 2019 and 2018 was \$3,369 and 1,044, respectively.

3. GRANTS RECEIVABLE

The Organization receives several grants from funding agencies. As of February 28, 2019 and 2018, grants receivable consisted of the following:

	<u>2019</u>	<u>2018</u>
Part A (Outreach, Psycho & EFA)	\$ 16,204	\$ 24,080
Title II & IV	<u>65,968</u>	<u>48,801</u>
Total Grants Receivable	<u><u>\$ 82,172</u></u>	<u><u>\$ 72,881</u></u>

4. DEFERRED REVENUE

Deferred revenue is the result of funds paid by the grantor that have not been utilized or expended for restricted program purposes as of the fiscal year end. Such funds are designated to be used during the subsequent fiscal year, at which time the conditions on the grants will be met and the grant revenue will be recognized. At year end, deferred revenue are as follows:

	<u>2019</u>	<u>2018</u>
Weinberg Foundation	\$ 16,670	\$ 150,000
ViiV	<u>-</u>	<u>36,328</u>
	<u><u>\$ 16,670</u></u>	<u><u>\$ 186,328</u></u>

5. LINE OF CREDIT

The Organization has an unsecured line of credit up to \$75,000. Principal and interest are due the 5th of each month, with interest based on Wall Street Journal Prime plus 1.750% (5.50 percent at February 28, 2019). The line of credit matures annually. The outstanding balances at February 28, 2019 and 2018 were \$50,000 and \$75,000\$74,969, respectively.

Interest expense on the line of credit was \$2,336 and \$169 for the years ended February 28, 2019 and 2018, respectively.

Interest expense on credit cards was \$10,230 and \$6,326 for the years ended February 28, 2019 and 2018, respectively.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2019 and 2018

6. COMMITMENTS AND CONTINGENCIES

The Organization receives a substantial portion of its revenue from government grants, all of which are subject to audit by the government. Until audits have been completed and final settlement reached, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management is of the opinion that no significant liability, if any, would result from such audits.

7. LEASES

The Organization entered into a lease agreement on May 1, 2015. The lease agreement is for five years and expires June 30, 2021. The base rent for the first three years is \$78,000. Rental payments are \$6,500 per month. The rent increases by \$500 per month every year thereafter. Credits were applied since the Organization paid for the utilities that, per the lease agreement, should be included in the base rent. Rent expense for the years ended February 28, 2019 and 2018 were \$68,600 and \$67,276, respectively.

Future minimum lease payments required under the operating lease are as follows:

<u>Year Ending February 28</u>	<u>Amount</u>
2020	\$ 88,000
2021	94,000
2022	32,000
Total	<u>\$ 214,000</u>

8. CAPITAL LEASE OBLIGATION

In July 2016, the Organization acquired a copier under the provision of a long-term capital lease. This lease requires sixty (60) monthly principal and interest payments totaling \$16,895.

Future minimum lease payments under this capital lease obligation as of February 28, 2019, were as follows:

<u>Year Ending February 28</u>	<u>Amount</u>
2020	\$ 3,469
2021	3,683
2022	1,601
Total	<u>\$ 8,753</u>

Interest expense under the capital lease obligation for the years ended February 28, 2019 and 2018 were \$582 and \$822, respectively.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Notes to Financial Statements
February 28, 2019 and 2018

9. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at February 28, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 37,736	\$ 180,736
Accounts receivable	6,163	-
Grants receivable	<u>82,172</u>	<u>72,881</u>
Financial assets available to meet general expenses over the next twelve months	<u>\$ 126,071</u>	<u>\$ 253,617</u>

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses.

10. DONATED EQUIPMENT

The Organization may receive equipment and material without payment. When the value of such services is ascertainable and meets the requirements of United States of America generally accepted accounting principles (GAAP), it is reflected in the accompanying financial statements as revenue and expense. Materials and other noncash donations are recorded at cost or estimated fair value determined at the date of donation.

11. CONCENTRATION AND RISKS

The Organization receives a substantial percent of its revenue from Federal, State and local grants and, therefore, puts the Organization at some risk if funding is reduced.

12. NEW PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities: *Presentation of Financial Statements of Not-for-Profit Entities*. This ASU is the first of a two-phase project which will impact how not-for-profit entities present net asset class reporting, liquidity and availability of resources, classification and disclosure of underwater endowment funds, expense reporting, statement of cash flows, investment return and release of restrictions on capital assets.

ASU No. 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 with early adoption permitted.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Notes to Financial Statements
February 28, 2019 and 2018

13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 25, 2019, the date the financial statements were available to be issued, and determined all material transactions or events that require recognition in the financial statements or disclosures of the Organization have been evaluated in accordance to the definitions and requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).



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