



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

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

Years Ended February 28, 2021 and 2020

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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. (a not for profit Organization), which comprise the statements of financial position as of February 28, 2021 and 2020, 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, 2021 and 2020, 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

March 3, 2022

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statements of Financial Position
February 28, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 82,960	\$ 2,345
Tuition receivable	176	13,368
Grants receivable	125,098	117,254
Total current assets	208,234	132,967
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	(173,827)	(145,469)
Net property and equipment	37,105	65,463
Other Assets		
Security deposits	4,989	4,989
Total Assets	\$ 250,328	\$ 203,419
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 72,163	\$ 84,233
Accrued payroll	19,232	24,948
Deferred revenue	-	19,431
Loan payable	7,502	7,593
Lease payable	1,601	3,483
Total current liabilities	100,498	139,688
Long Term Liabilities		
Loan payable, net of current portion	45,478	52,407
PPP loan payable	112,200	-
Lease payable, net of current portion	-	1,601
Total long term liabilities	157,678	54,008
Total liabilities	258,176	193,696
Net Assets		
Without donor restrictions	(7,848)	9,723
Total net assets	(7,848)	9,723
Total Liabilities and Net Assets	\$ 250,328	\$ 203,419

“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
February 28, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions		
Support and revenue		
Federal grants	\$ 521,920	\$ 508,579
Childcare revenue	178,628	273,187
Foundation and corporate grants	38,764	206,325
Corporate and individual contributions	24,902	8,998
Fundraising	61,450	97,368
In-kind contributions	-	32,682
Other income	11,486	34,079
Interest income	37	32
Total support and revenue	<u>837,187</u>	<u>1,161,250</u>
Expenses		
Program expenses		
Program services	<u>724,327</u>	<u>876,614</u>
Supporting services		
General and administrative	130,431	212,571
Fundraising	-	68,649
Total supporting services	<u>130,431</u>	<u>281,220</u>
Total expenses	<u>854,758</u>	<u>1,157,834</u>
(Decrease) increase in net assets without donor restrictions	(17,571)	3,416
Net assets without donor restrictions at beginning of year	<u>9,723</u>	<u>6,307</u>
Net Assets Without Donor Restrictions at End of Year	<u>\$ (7,848)</u>	<u>\$ 9,723</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, 2021

	<u>Supporting Services</u>			2021 Total
	Program Services	General & Administrative	Fundraising	
Personnel costs	\$ 415,583	\$ 46,916	\$ -	\$ 46,916
Employee benefits	47,928	6,220	-	6,220
Administrative costs	12,558	4,017	-	4,017
Advertising	180	-	-	180
Bank charges	524	2,369	-	2,369
Class supplies	4,166	1,373	-	1,373
Communications	30,818	-	-	30,818
Conferences & meetings	5,342	121	-	121
Consultants	2,000	-	-	2,000
Consumer incentives	64,020	-	-	64,020
Depreciation	-	28,359	-	28,359
Dues & subscriptions	100	65	-	65
Food	9,062	180	-	180
Insurance	7,896	-	-	7,896
Interest expense	-	14,591	-	14,591
Office expense	105	4,837	-	4,837
Office supplies	12,520	122	-	122
Payroll taxes	34,317	2,711	-	2,711
Postage and delivery	402	57	-	57
Printing	6,694	95	-	95
Professional fees	7,200	3,224	-	3,224
Rent	45,680	11,420	-	11,420
Repairs & maintenance	39	-	-	39
Travel	2,177	-	-	2,177
Utilities	15,016	3,754	-	3,754
Total Expenses	\$ 724,327	\$ 130,431	\$ -	\$ 130,431
				\$ 854,758

“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, 2020

	<u>Supporting Services</u>			Total Supporting Services	2020 Total
	Program Services	General & Adminstrative	Fundraising		
Personnel costs	\$ 518,890	\$ 69,322	\$ -	\$ 69,322	\$ 588,212
Employee benefits	42,736	19,892	-	19,892	62,628
Administrative costs	-	14,925	-	14,925	14,925
Advertising	393	320	-	320	713
Bank charges	1,144	283	-	283	1,427
Class supplies	6,359	-	-	-	6,359
Communications	30,804	527	-	527	31,331
Conferences & meetings	13,044	1,448	-	1,448	14,492
Consultants	180	4,386	-	4,386	4,566
Consumer incentives	67,342	364	-	364	67,706
Depreciation	-	28,358	-	28,358	28,358
Dues & subscriptions	271	626	-	626	897
Food	32,487	-	-	-	32,487
Fundraising gala	-	-	68,649	68,649	68,649
Insurance	-	6,992	-	6,992	6,992
Interest expense	-	21,004	-	21,004	21,004
Office expense	-	6,322	-	6,322	6,322
Office supplies	15,183	15	-	15	15,198
Payroll taxes	41,140	8,465	-	8,465	49,605
Postage and delivery	340	-	-	-	340
Printing	10,946	-	-	-	10,946
Professional fees	5,383	8,665	-	8,665	14,048
Rent	66,880	16,720	-	16,720	83,600
Repairs & maintenance	2,912	-	-	-	2,912
Travel	4,432	-	-	-	4,432
Utilities	15,748	3,937	-	3,937	19,685
Total Expenses	\$ 876,614	\$ 212,571	\$ 68,649	\$ 281,220	\$ 1,157,834

“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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (17,571)	\$ 3,416
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	28,359	28,358
Changes in assets and liabilities		
Decrease (increase) in assets		
Accounts receivable	-	6,163
Tuition receivable	13,192	(13,368)
Grants receivable	(7,844)	(35,082)
Increase (decrease) in liabilities		
Accounts payable	(12,070)	(1,425)
Accrued payroll	(5,716)	2,454
Deferred revenue	(19,431)	2,761
Total adjustments	<u>(3,510)</u>	<u>(10,139)</u>
Net cash (used for) operating activities	<u>(21,081)</u>	<u>(6,723)</u>
Cash Flows from Financing Activities		
Proceeds from loan payable	(7,021)	60,000
Proceeds from PPP loan	112,200	-
Payment for officer loan	-	(10,000)
Payment for line of credit	-	(75,000)
Lease payments	(3,483)	(3,668)
Net cash (used for) financing activities	<u>101,696</u>	<u>(28,668)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	80,615	(35,391)
Cash, cash equivalents and restricted cash at beginning of year	2,345	37,736
Cash, Cash Equivalents and Restricted Cash at End of Year	<u>\$ 82,960</u>	<u>\$ 2,345</u>
Supplemental disclosure of cash flow information:		
Interest expense paid during the year	<u>\$ 14,591</u>	<u>\$ 21,004</u>

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

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2021 and 2020

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 fiscal years ending February 28, 2021 and 2020.

B. New Accounting Pronouncement

The Organization retroactively adopted the requirements in accordance with Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that an entity should recognize revenue to depict 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 or services. The new guidance affects any reporting organization that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The ASU became effective for the Organization for annual reporting periods beginning after December 15, 2019. These amendments did not have a material effect on the Organization's financial statements.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2021 and 2020

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 Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the 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, 2021 and 2020, 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, 2021 and 2020

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, Cash Equivalents and Restricted Cash

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

The Organization retroactively adopted the requirements in accordance with Accounting Standards board's Accounting Standards Update No. 2016-15-*Not-for-Profit Entities* (Topic: 230): *Classification of Certain Cash Receipts and Cash Payments*. This update addresses diversity in presentation of the Statement of Cash Flows. Cash, cash equivalents, restricted cash, and restricted cash equivalents that are presented in more than one line on the statements of financial position are now required to either be presented on the face of the statements of cash flows or disclosed in the notes to the financial statements. The ASU did not have a material effect on the Organization's financial statements.

H. Accounts Receivable

Accounts receivable are recorded for sublet rental income and rendered but not yet collected at February 28, 2021 and 2020. 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, 2021 and 2020 was \$28,359 and \$28,358, respectively.

J. In-kind Contributions

The Organization may receive assets and services without payment. Contributed goods are recorded at their estimated fair value at the date of donation. Contributed professional services are recognized at the respective fair values of the services received if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization if not contributed.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. In-kind Contributions (continued)

In-kind contributions for the years ended February 28, 2021 and 2020 were \$0 and \$32,682, respectively.

K. 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.

L. Reclassification

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net income

M. 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.

N. Advertising

All advertising costs are expensed as incurred. Advertising expense for the years ended February 28, 2021 and 2020 was \$180 and \$713, respectively.

3. GRANTS RECEIVABLE

The Organization receives several grants from funding agencies. As of February 28, 2021 and 2020, grants receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Part A (Outreach, Psycho & EFA)	\$ 52,396	\$ 31,725
Title II & IV	58,707	85,119
COVID-19 Relief Grant	13,585	-
CFUF	410	410
Total Grants Receivable	<u>\$ 125,098</u>	<u>\$ 117,254</u>

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Notes to Financial Statements

February 28, 2021 and 2020

4. CREDIT CARDS

Interest expense on credit cards was \$10,411 and \$15,680 for the years ended February 28, 2021 and 2020, respectively.

5. LOAN PAYABLE

In January 2020, the Organization converted the remaining line of credit balance into a term loan in the amount of \$60,000. The loan bears interest at 6.50% and is payable in monthly payments in the amount of \$893.68 through January 13, 2027.

Future minimum principal payments as of February 28, 2021 are as follows:

Year Ending February 28	Amount
2022	\$ 7,502
2023	8,004
2024	8,540
2025	9,113
2026	9,723
Thereafter	10,098
Total	<u>\$ 52,980</u>

Interest expense on the loan payable was \$3,963 and \$0 for the year ended February 28, 2021 and 2020, respectively.

6. LOAN COVENANTS

The Organization has a list of covenants and agreements relating to the loan. Analysis of the Organization's compliance with the covenants at February 28, 2021 and 2020 reveals that the Organization was in compliance with all its loan covenants.

7. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received the First Draw Paycheck Protection Program (PPP) Loan in the amount of \$112,200. The loan has a term of two years at an interest rate of one percent, but payments are not required to begin for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100 percent of the loan, upon meeting certain requirements.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Notes to Financial Statements
February 28, 2021 and 2020

8. 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 years, 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>2021</u>	<u>2020</u>
AIDS Healthcare Foundation	\$ -	\$ 15,652
Weinberg Foundation	-	3,779
	\$ -	\$ 19,431

9. 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.

10. 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.

11. 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. In September 2020, the lease was amended by changing the term to month-to-month commencing September 1, 2020 with the basic rent of \$4,000 per month. Rent expense for the years ended February 28, 2021 and 2020 were \$57,100 and \$83,600, respectively.

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Notes to Financial Statements
February 28, 2021 and 2020

12. 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, 2021, were as follows:

<u>Year Ending February 28</u>	<u>Amount</u>
2022	<u>\$ 1,601</u>
Total	<u>\$ 1,601</u>

Interest expense under the capital lease obligation for the years ended February 28, 2021 and 2020 were \$217 and \$231, respectively.

13. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at February 28, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 82,959	\$ 2,345
Accounts receivable	-	-
Tuition receivable	176	13,368
Grants receivable	<u>125,098</u>	<u>117,254</u>
Financial assets available to meet general expenses over the next twelve months	<u>\$ 208,233</u>	<u>\$ 132,967</u>

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

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Notes to Financial Statements
February 28, 2021 and 2020

14. SUBSEQUENT EVENTS

The Organization's grant funding and childcare revenue were negatively impacted since the onset of the COVID-19 pandemic. There is still considerable uncertainty around the duration of this pandemic, so its related impact cannot be reasonably estimated at this time.

In March 2021, the Organization applied for and was approved a \$113,463 Second Draw PPP loan. It is subject to the same terms, conditions, and requirements as First Draw PPP Loan. The Organization is eligible for loan forgiveness of up to 100 percent of the loan, upon meeting certain requirements.

In May 2021, the Organization received full forgiveness for the First Draw PPP loan (see note 7).

The Organization has evaluated subsequent events through March 3, 2022, the date the financial statements were available to be issued. Except for the information disclosed above, no events require recognition in the financial statements or disclosures of the Organization according to the definitions and requirements of FASB Accounting Standards Codification ASC 855, *Subsequent Events*.



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