Abrams
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LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.

Financial Statements
and
Independent Auditor's Report

Years Ended February 28, 2023 and 2022

Certified Public Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of LIGHT Health and Wellness Comprehensive Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of February 28, 2023 and 2022, and the related statements of activities and change in net assets, 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 LIGHT Health and Wellness Comprehensive Services, Inc. as of February 28, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

Report on Summarized Comparative Information

We have previously audited LIGHT Health and Wellness Comprehensive Services, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

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

June 14, 2024

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statements of Financial Position
February 28, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash	$ 103,354	$ 144,186
Tuition receivable	-	176
Grants receivable	148,821	156,283
Prepaid expenses	17,528	-
Total current assets	269,703	300,645
Non Current Assets		
Right of use asset-operating lease	10,639	18,368
Property and Equipment		
Furniture & equipment	183,053	182,918
Vehicle	27,880	27,880
Total property and equipment	210,933	210,798
Less: Accumulated depreciation	(210,741)	(198,031)
Net property and equipment	192	12,767
Other Assets	4,989	4,989
Total Assets	$ 285,523	$ 336,769
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 105,441	$ 86,886
Accrued payroll	4,934	24,261
Deferred revenue	34,001	11,391
Operating lease liability	6,256	6,612
Loan payable	6,267	8,005
Total current liabilities	156,899	137,154
Long Term Liabilities		
Operating lease liability, non-current portion	4,383	11,756
Loan payable, non-current portion	31,288	37,519
Total long term liabilities	35,671	49,275
Total liabilities	192,570	186,429
Net Assets		
Net assets without donor restrictions	92,953	150,339
Total net assets	92,953	150,339
Total Liabilities and Net Assets	$ 285,523	$ 336,769

"The accompanying notes are an integral part of the financial statements"

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statements of Activities and Change in Net Assets
Years Ended February 28, 2023 and 2022

	2023	2022
Changes in Net Assets Without Donor Restrictions		
Support and revenue		
Federal grants	$ 603,897	$ 614,159
Childcare revenue	284,489	160,998
Foundation and corporate grants	73,121	59,341
Other non-fed grants	3,000	-
Corporate and individual contributions	34,704	14,000
Fundraising	38,230	44,367
Forgiveness of debt	-	226,385
Other income	500	6,947
Interest income	55	72
Total support and revenue	1,037,996	1,126,268
Expenses		
Program expenses		
Program services	949,396	849,553
Supporting services		
General and administrative	142,961	126,338
Fundraising	3,025	3,446
Total supporting services	145,986	129,784
Total expenses	1,095,382	979,337
(Decrease) increase in net assets without donor restrictions	(57,386)	146,931
Net assets without donor retrictions at beginning of year	150,339	3,408
Net Assets Without Donor Restrictions at End of Year	$ 92,953	$ 150,339

"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, 2023

	Program Services	Supporting Services: General & Administrative	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	2023 Total
Personnel costs	$ 475,660	$ 64,131	$ -	$ 64,131	$ 539,791
Employee benefits	39,582	2,203	-	2,203	41,785
Administrative costs	5,789	5,343	-	5,343	11,132
Advertising	111	82	3,025	3,107	3,218
Bad debt	26,343	-	-	-	26,343
Bank charges	709	367	-	367	1,076
Classroom supplies	16,896	-	-	-	16,896
Communications	33,767	-	-	-	33,767
Conferences & meetings	12,969	1,471	-	1,471	14,440
Consumer incentives	99,253	-	-	-	99,253
Contractual advance	54,705	-	-	-	54,705
Depreciation	-	12,575	-	12,575	12,575
Dues & subscriptions	81	374	-	374	455
Food	6,276	-	-	-	6,276
Insurance	7,847	-	-	-	7,847
Interest expense	-	12,377	-	12,377	12,377
Office expense	-	6,420	-	6,420	6,420
Office supplies	10,616	-	-	-	10,616
Payroll taxes	47,084	3,909	-	3,909	50,993
Postage and delivery	742	-	-	-	742
Printing	8,958	-	-	-	8,958
Professional fees	14,000	1,950	-	1,950	15,950
Rent	28,241	31,759	-	31,759	60,000
Repairs & maintenance	18,857	-	-	-	18,857
Travel	187	-	-	-	187
Utilities	40,723	-	-	-	40,723
Total Expenses	**$ 949,396**	**$ 142,961**	**$ 3,025**	**$ 145,986**	**$ 1,095,382**

LIGHT HEALTH AND WELLNESS COMPREHENSIVE SERVICES, INC.
Statement of Functional Expenses
Year Ended February 28, 2022

		Supporting Services			
	Program Services	General & Administrative	Fundraising	Total Supporting Services	2022 Total
Personnel costs	$ 474,987	$ 44,615	$ -	$ 44,615	$ 519,602
Employee benefits	44,203	3,507	-	3,507	47,710
Administrative costs	3,120	2,862	-	2,862	5,982
Advertising	366	82	2,773	2,855	3,221
Bank charges	557	309	-	309	866
Classroom supplies	7,133	3,688	395	4,083	11,216
Communications	34,308	-	-	-	34,308
Conferences & meetings	15,051	400	-	400	15,451
Consumer incentives	95,070	-	-	-	95,070
Depreciation	-	24,338	-	24,338	24,338
Dues & subscriptions	181	315	-	315	496
Food	8,079	-	-	-	8,079
Insurance	8,721	-	-	-	8,721
Interest expense	-	13,957	-	13,957	13,957
Office expense	-	5,947	-	5,947	5,947
Office supplies	3,738	-	278	278	4,016
Payroll taxes	42,285	3,508	-	3,508	45,793
Postage and delivery	1,152	-	-	-	1,152
Printing	8,839	-	-	-	8,839
Professional fees	15,300	-	-	-	15,300
Rent	40,541	11,459	-	11,459	52,000
Repairs & maintenance	15,213	5,288	-	5,288	20,501
Travel	8,890	-	-	-	8,890
Utilities	21,819	6,063	-	6,063	27,882
Total Expenses	**$ 849,553**	**$ 126,338**	**$ 3,446**	**$ 129,784**	**$ 979,337**

"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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (57,386)	$ 146,931
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	12,575	24,338
Changes in assets and liabilities		
Decrease (increase) in assets		
Tuition receivable	176	-
Grants receivable	7,462	(19,929)
Prepaid expenses	(17,528)	-
Increase (decrease) in liabilities		
Accounts payable	18,555	14,723
Accrued payroll	(19,327)	5,029
Deferred revenue	22,610	11,391
Total adjustments	24,523	35,552
Net cash (used) provided by operating activities	(32,863)	182,483
Cash Flows from Financing Activities		
Payment of loan payable	(7,969)	(7,456)
Proceeds from PPP loan	-	113,463
Payment of lease payable	-	(1,601)
Net cash (used) provided by financing activities	(7,969)	104,406
Cash Flows from Noncash Financing Activities		
Forgiveness of PPP loans	-	(225,663)
Net cash (used) noncash in financing activities	-	(225,663)
Net (decrease) increase in cash, cash equivalents and restricted cash	(40,832)	61,226
Cash, cash equivalents and restricted cash at beginning of year	144,186	82,960
Cash, Cash Equivalents and Restricted Cash at End of Year	$ 103,354	$ 144,186
Supplemental disclosure of cash flow information:		
Interest expense paid during the year	$ 12,377	$ 13,957

"The accompanying notes are an integral part of the financial statements"

1. NATURE OF ACTIVITIES

LIGHT Health and Wellness Comprehensive Services, Inc. (the Organization) is a nonprofit corporation that provides information, guidance and treatment services to individuals and families impacted by poverty, substance abuse, mental illness, HIV/AIDS, and other long term health challenges as well as quality child care to the community. The organization community 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 Connections Thru Life, Inc., State of Maryland, Administration For Children, Youth and Families, State of Maryland, 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.

B. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (continued)

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, 2023 and 2022, the Organization did not have any net assets with donor restrictions.

C. Revenue Recognition (gifts and donations)

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

D. 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.

E. 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.

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.

F. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash, Cash Equivalents and Restricted Cash (continued)

The ASU did not have a material effect on the Organization's financial statements.

G. 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, 2023 and 2022 was $12,575 and $24,338, respectively.

H. Operating Lease Right-Of-Use Assets and Liabilities

The Organization has an operating lease for a copier. The Organization determines if an arrangement is a lease at inception. In FY 2022, the Organization adopted FASB ASC 842, *Leases*, which required it to recognize right-of use lease assets and lease liabilities on its statement of financial position for all leases in excess of one year in duration.

Right-of-use assets, (ROU), represent the Organization's right to use the underlying asset for the lease term. Operating lease right-of-use assets and related liabilities are recognized at the commencement date based on the net present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The Organization uses this rate in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Transition Consideration

1. Leases previously classified as operating leases under ASC 840 will be classified as operating leases under ASC 842 if they have a lease term greater than 12 months (ASC 842-10-65-1f).

2. The Organization will use the modified retrospective approach (ASU 842-10-65-1) under which leases existing at or entered after January 1, 2022, will be recognized and measured. Prior period amounts are not adjusted and continue to be reflected in accordance with the company's historical accounting.

3. The Organization will not recognize short term leases under one year as a ROU Asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Operating Lease Right-Of-Use Assets and Liabilities (continued)

Lease Terms

The remaining lease term of the leases under ASC 840 will be used in measuring the initial lease liability and the right-of-use asset.

Valuation Operating Leases

The Organization will measure the lease liability based on the remaining lease payments from the transition date.

I. 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.

J. 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.

K. 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.

L. Advertising

All advertising costs are expensed as incurred. Advertising expense for the years ended February 28, 2023 and 2022 was $3,218 and $3,221, respectively.

3. GRANTS RECEIVABLE

The Organization receives several grants from funding agencies. As of February 28, 2023 and 2022, grants receivable consisted of the following:

	2023	2022
Part A	$ 144,096	$ 77,468
Part B	-	74,090
COVID-19 Relief Grant	4,315	4,315
CFUF	410	410
Total Grants Receivable	$ 148,821	$ 156,283

4. CREDIT CARDS

Interest expense on credit cards was $10,075 and $10,957 for the years ended February 28, 2023 and 2022, 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, 2023 are as follows:

Year Ending February 28	Amount
2024	6,267
2025	9,113
2026	9,723
2027	12,452
Total	$ 37,555

Interest expense on the loan payable was $2,303 and $3,279 for the years ended February 28, 2023 and 2022, 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, 2023 and 2022 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. On May 26, 2021, the Organization received full forgiveness of the loan in the amount of $112,200.

In March 2021, the Organization received the Second Draw Paycheck Protection Program (PPP) Loan in the amount of $113,463. The loan has a term of five years at an interest rate of one percent, but payments are not required to begin for ten months after the funding of the loan. On November 9, 2021, the Organization received full forgiveness of the loan in the amount of $113,463 plus accrued interest in the amount of $722.

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:

	2023	2022
AIDS Healthcare Foundation	$ 7,824	$ 8,676
Lorece Edwards MSU	2,268	2,715
Sherman Foundation	23,909	-
	$ 34,001	$ 11,391

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. PENSION

` The Organization sponsors a defined contribution plan under Section 403(b) of the Internal Revenue Code. Benefits are based on the amounts of plan contributions from eligible employees and related earnings, if any. Employer contributions to the plan for 2023 and 2022 were, $ 1,918 and $3,460, respectively.

12. LEASES

The Organization entered into an office 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 a base rent of $4,000 per month.

On November 1, 2021, the lease was amended again by changing the term to a one-year lease commencing on November 1, 2021 and ending October 31, 2022, with a base rent of $5,000 per month. The current lease has not been renewed to date. During 2023, the lease changed from a month to month to an annual lease at $5,000 per month. Rent expense for the years ended February 28, 2023 and 2022 was $60,000 and $52,000, respectively.

In June 2020, the FASB issued ASU 2020-05, "Leases (Topic 842): Effective Dates for Certain Entities." Under the new standards, lessees will need to recognize a right of use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments.

As stated in Note 2, Operating Lease, the Organization has an operating lease for a copier through 2025.

12. LEASES (continued)

Quantitative Information About Operating Lease

Operating lease Cost	$ 6,690
Operating cash flows from operating leases	$ 6,690
Weighted-average remaining lease term in years for operating lease	1.67
Weighted-average discount rate for operating lease	6.00%

Future minimum lease payments under the agreement as of February 28, 2023, are as follows:

Year Ending February 28	Amount
2024	$ 6,690
2025	4,460
Total undiscounted cash flows	11,150
Less: present value discount	(511)
Total lease liabilities	$ 10,639

13. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at February 28, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash	$ 103,354	$ 144,186
Tuition receivable	-	176
Grants receivable	148,821	156,283
Financial assets available to meet general expenses over the next twelve months	$ 252,175	$ 300,645

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

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.

The Organization has evaluated subsequent events through June 14, 2024, 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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