

**THE LITTLE LIGHT HOUSE AND AFFILIATES  
dba, THE LITTLE LIGHT HOUSE**

Consolidated Financial Statements  
and  
Independent Auditor's Report

For the Fiscal Years Ended June 30, 2019 and 2018

**THE LITTLE LIGHT HOUSE AND AFFILIATES  
dba, THE LITTLE LIGHT HOUSE**

**Table of Contents**

**Page(s):**

Independent Auditor's Report	1
<u><b>Consolidated Financial Statements:</b></u>	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Functional Expenses	4
Consolidated Statement of Cash Flows	5
Notes to the Consolidated Financial Statements	6 – 12



To the Board of Directors of  
The Little Light House  
Tulsa, Oklahoma

We have audited the accompanying consolidated financial statements of LITTLE LIGHT HOUSE, INC. (dba, THE LITTLE LIGHT HOUSE), LITTLE LIGHT HOUSE FOUNDATION, INC. AND LITTLE LIGHT HOUSE TITLE HOLDING CORPORATION (hereafter also collectively referred to as "the Organization"), non-profit organizations, which collectively comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statement of activities, consolidated statement of functional expenses and consolidated statement of cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LITTLE LIGHT HOUSE, INC. (dba, THE LITTLE LIGHT HOUSE), LITTLE LIGHT HOUSE FOUNDATION, INC. AND LITTLE LIGHT HOUSE TITLE HOLDING CORPORATION as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Prior Period Financial Statements

The consolidated financial statements of LITTLE LIGHT HOUSE, INC. (dba, THE LITTLE LIGHT HOUSE), LITTLE LIGHT HOUSE FOUNDATION, INC. AND LITTLE LIGHT HOUSE TITLE HOLDING CORPORATION as of June 30, 2018, were audited by other auditors who have ceased operations, and they expressed an unmodified opinion on those financial statements in their reported dated November 12, 2018, but they have not performed any auditing procedures since that date.

*Hood & Associates CPAs, P.C.*

Hood and Associates CPAs, P.C.  
Tulsa, Oklahoma  
November 11, 2019

HOOD & ASSOCIATES CPAs, P.C.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**

Consolidated Statements of Financial Position  
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents (Notes A and B)	\$ 929,723	\$ 1,322,556
Certificates of deposit (Notes A and B)	599,823	2,050,541
Pledges receivable (Note A)		66,000
Prepaid expenses and other current assets	15,487	15,447
Other receivables (Note A)	225	1,408
Total current assets	<u>1,545,258</u>	<u>3,455,952</u>
Property and equipment, at historical acquisition cost: (Note A)		
Building and improvements	18,592,245	16,109,238
Land	1,678,875	1,678,875
Furniture and equipment	280,858	280,858
Classroom and playground equipment	200,928	192,995
Computer equipment	143,909	143,909
Total property and equipment, at historical acquisition cost	<u>20,896,815</u>	<u>18,405,875</u>
Less: Accumulated depreciation	<u>(3,082,264)</u>	<u>(2,593,917)</u>
Property and equipment, net of accumulated depreciation	<u>17,814,551</u>	<u>15,811,958</u>
Other non-current assets:		
Certificates of deposit (Notes A and B)	115,860	115,860
Beneficial interest in assets held by others (Note F)	5,449	5,640
Total assets	<u>\$ 19,481,118</u>	<u>\$ 19,389,410</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accrued liabilities (Note G)	\$ 31,584	\$ 42,630
Total current liabilities	<u>31,584</u>	<u>42,630</u>
Net assets:		
Without donor restrictions:		
Undesignated (Note C)	67,414	212,219
Undesignated, invested in property and equipment (Note C)	17,814,551	15,811,958
Designated by the Board of Directors (Note C)	858,472	757,523
With donor restrictions:		
Purpose restricted (Note C)	593,237	2,449,220
Perpetual in nature, building maintenance fund (Note C)	115,860	115,860
Total net assets	<u>19,449,534</u>	<u>19,346,780</u>
Total liabilities and net assets	<u>\$ 19,481,118</u>	<u>\$ 19,389,410</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
Consolidated Statements of Activities  
For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Changes in net assets, without donor restrictions:</u>		
Support and revenue:		
Fund raising events, net of direct fund-raising costs	\$ 1,193,964	\$ 1,359,320
Contributions, undesignated	1,043,920	836,368
Donated materials and services, in-kind donations	23,152	15,595
Interest income	10,167	9,140
Other income	74,659	66,518
Total support and revenue without donor restrictions, before release of donor-imposed restrictions	<u>2,345,862</u>	<u>2,286,941</u>
Net assets released, satisfaction of donor-imposed restrictions	<u>2,673,324</u>	<u>351,220</u>
Total support and revenue, without donor restrictions	<u>5,019,186</u>	<u>2,638,161</u>
Expenses:		
Program expenses	2,541,796	2,450,660
Management and general expenses	317,011	274,127
Fund raising expenses	201,642	178,992
Total expenses	<u>3,060,449</u>	<u>2,903,779</u>
Increase or (decrease) in net assets, without donor restrictions	<u>1,958,737</u>	<u>(265,618)</u>
<u>Changes in net assets, with donor restrictions:</u>		
Contributions, donor designated	805,938	1,205,519
Interest income	9,041	12,046
Interest income, building maintenance fund	2,362	1,436
Net assets released from donor-imposed purchase restrictions (Note C)	(2,483,007)	(144,388)
Net assets released from donor-imposed program restrictions (Note C)	(190,317)	(206,832)
Increase or (decrease) in net assets, with donor restrictions	<u>(1,855,983)</u>	<u>867,781</u>
Changes in net assets	102,754	602,163
Net assets, beginning of fiscal year	<u>19,346,780</u>	<u>18,744,617</u>
Net assets, end of fiscal year	<u>\$ 19,449,534</u>	<u>\$ 19,346,780</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**

Consolidated Statements of Functional Expenses  
For the Fiscal Years Ended June 30, 2019 and 2018

For the Fiscal Year Ended June 30, 2019				
	Program Expenses	Management and General Expenses	Fund Raising Expenses	Totals
Salaries and wages	\$ 1,416,746	\$ 209,474	\$ 140,212	\$ 1,766,432
Depreciation expense	419,978	43,951	24,417	488,346
Insurance	272,140	32,017	16,008	320,165
Payroll taxes	104,483	16,338	10,936	131,756
Utilities	62,706	4,227	3,523	70,456
Other expenses	50,906	3,876	1,938	56,721
Repairs and maintenance	46,978	3,132	2,610	52,720
Community awareness	42,743			42,743
Supplies	41,455	759	379	42,593
Educational tools	33,078			33,078
Professional fees	22,624	2,662	1,331	26,617
Outreach	23,068			23,068
Postage and delivery	4,891	575	288	5,754
Total expenses	<u>\$ 2,541,796</u>	<u>\$ 317,011</u>	<u>\$ 201,642</u>	<u>\$ 3,060,449</u>

For the Fiscal Year Ended June 30, 2018				
	Program Expenses	Management and General Expenses	Fund Raising Expenses	Totals
Salaries and wages	\$ 1,296,833	\$ 190,881	\$ 127,767	\$ 1,615,481
Depreciation expense	420,579	20,147	14,794	455,520
Insurance	281,422	33,109	16,554	331,085
Payroll taxes	93,912	14,685	9,829	118,426
Utilities	60,037	4,047	3,373	67,457
Educational tools	64,071			64,071
Community awareness	53,957			53,957
Repairs and maintenance	48,110	3,136	2,613	53,859
Other expenses	38,547	4,074	2,038	44,659
Supplies	38,672	946	473	40,091
Outreach	27,556			27,556
Professional fees	22,947	2,629	1,315	26,891
Postage and delivery	4,017	473	236	4,726
Total expenses	<u>\$ 2,450,660</u>	<u>\$ 274,127</u>	<u>\$ 178,992</u>	<u>\$ 2,903,779</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
Consolidated Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from donors and other sources	\$ 3,119,664	\$ 3,468,524
Cash paid to suppliers and employees	(2,560,037)	(2,424,100)
Interest income	21,570	22,622
Net cash provided by or (used in) operating activities	<u>581,197</u>	<u>1,067,046</u>
Cash flows from investing activities:		
Increase or (decrease) in beneficial interest in asset held by others	191	498
Purchases of property and equipment	(2,490,940)	(144,388)
Proceeds from maturities of certificates of deposit, net of (purchases)	1,450,719	(529,165)
Net cash provided by or (used in) investing activities	<u>(1,040,030)</u>	<u>(673,055)</u>
Cash flows from financing activities:		
Donor contributions restricted for long-term use	66,000	117,750
Net cash provided by or (used in) financing activities	<u>66,000</u>	<u>117,750</u>
Net increase or (decrease) in cash and cash equivalents	(392,833)	511,741
Cash and cash equivalents, beginning of fiscal year	1,322,556	810,815
Cash and cash equivalents, end of fiscal year	<u>\$ 929,723</u>	<u>\$ 1,322,556</u>
Reconciliation of changes in net assets to net cash provided by or (used in) operating activities:		
Changes in net assets	\$ 102,754	\$ 602,163
Adjustments to reconcile changes in net assets to net cash provided by or (used in) operating activities:		
Depreciation expense	488,346	455,520
Changes in assets and liabilities:		
(Increase) or decrease in other receivables	1,183	799
(Increase) or decrease in prepaid expenses and other current assets	(40)	5,636
Increase or (decrease) in accounts payable		(2,010)
Increase or (decrease) in accrued liabilities	(11,046)	4,938
Total adjustments and changes in assets and liabilities	<u>478,443</u>	<u>464,883</u>
Net cash provided by or (used in) operating activities	<u>\$ 581,197</u>	<u>\$ 1,067,046</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
Notes to the Consolidated Financial Statements  
As of and for the Fiscal Years Ended June 30, 2019 and 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Activities**

LITTLE LIGHT HOUSE, INC., dba THE LITTLE LIGHT HOUSE (hereafter also referred to as “the Organization”) was founded in 1972 and later received an Internal Revenue Service determination letter granting its status as a 501(c)(3) organization in 1974. The mission of the Organization is to glorify God by improving the quality of life for children with special needs, their families and their communities. The Organization provides tuition-free educational and therapeutic services to children with special needs, from birth to six years old. The Organization’s support and revenue consist entirely of donations from supporters from the local community and various grants from local organizations. The Organization does not receive any funding from federal, state or local government sources or from the United Way.

**Principles of Consolidation**

The accompanying consolidated financial statements include the financial accounts of Little Light House, Inc., Little Light House Foundation, Inc. and Little Light House Title Holding Corporation. All material intercompany accounts and inter-organization transactions, if any, have been eliminated.

- Little Light House Foundation, Inc. was incorporated and received an Internal Revenue Service determination letter granting it status as a 501(c)(3) organization in 2010 and is not recognized by the Internal Revenue Service as a private foundation. Little Light House Foundation operates exclusively for the benefit of the Little Light House, Inc.
- Little Light House Title Holding Corporation was incorporated and received an Internal Revenue Service determination letter granting it status as a 501(c)(2) organization in 2010. Little Light House Title Holding Company is operated exclusively to hold title to property on behalf of Little Light House, Inc.

The consolidated financial statements reflect the consolidated statements of financial position and consolidated statements of activities of the Organizations (collectively referred to as “the Organization”) described above.

**Basis of Accounting**

The accompanying consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Accordingly, the consolidated financial statements of the Organization reflect all significant receivables, payables and other liabilities.

**Financial Statement Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions, and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions.

**Use of Estimates**

The preparation of financial statements in 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 certain assets, liabilities, revenues, expenses and disclosures at the date of the consolidated financial statements and during the reporting period. Accordingly, actual results could differ from the estimates that were used.



**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Fiscal Years Ended June 30, 2019 and 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued):**

**Revenue Recognition**

Contributions received are recorded as being either “with donor-imposed restrictions” or “without donor-imposed restrictions”, depending on the existence and/or nature of any donor-imposed restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. 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 restrictions and are reported in the statement of activities as net assets released from donor restrictions.

**Contributed Services and Goods**

The Organization receives services donated by volunteers. No amounts have been reflected or otherwise recognized in the accompanying consolidated financial statements for these services as they did not meet the criteria for recognition under FASB ASC No. 958, *Not-for-Profit Entities*. The Organization may also periodically receive donations of goods. Donations of goods with fair market values in excess of \$500, if applicable, and under FASB ASC 958, *Not-for-Profit Entities*, are recorded and included in support and revenues in the accompanying financial statements as “in-kind” donations at their respective fair market values at the date(s) of receipt.

**Income Taxes**

The Little Light House and Affiliates are recognized as not-for-profit organizations by the Internal Revenue Service. Little Light House, Inc. filed an IRS Form 1023 with the Internal Revenue Service and received a determination letter in 1974. As such, the Organization is considered to be a not-for-profit organization and is thereby exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as being an organization other than a private foundation. Accordingly, no provision for income taxes has been made within the accompanying financial statements. The Organization qualifies for tax deductible contributions as provided for within Section 170(b) of the Internal Revenue Code.

The Organizations account for uncertain tax positions in accordance with the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. Using the guidance of FASB ASC 740, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will “more-likely-than-not” be sustained upon examination by the taxing authorities. Management of the Organization has analyzed tax positions taken for all required tax filings with the Internal Revenue Service and the state of Oklahoma. As of June 30, 2019, management of the Organization believes that any and all income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s consolidated financial statements. Accordingly, the Organization has not recorded any reserves or related accruals for uncertain income tax positions at June 30, 2019 and 2018.

**Cash and Cash Equivalents**

For purposes of the consolidated financial statements, cash and cash equivalents consists of all highly liquid bank deposit holdings available for current use with original maturities of three (3) months or less, when initially purchased. Cash and cash equivalents consist of checking and money market accounts that are carried at historical acquisition cost which approximates fair market value. See further information on custodial credit risk in Note B.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Fiscal Years Ended June 30, 2019 and 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**Certificates of Deposit**

Certificates of deposit owned by the Organization consist of highly liquid bank deposit holdings with maturities in excess of three (3) months, when initially purchased. Certificates of deposit are carried at fair market value, which include the original amount deposited plus accrued interest, if applicable. Certificates of deposit are held with various financial institutions and are insured by the Federal Deposit Insurance Corporation ("FDIC"). See further information on custodial credit risk in Note B.

**Pledges Receivable/Promises to Give**

Contributions are recognized as revenues only when the donor makes a promise to give to the Organization that is, in substance, unconditional. Amounts pledged to the Organization have historically been unconditional in nature. While pledges receivable may be paid over an extended period of time, historically the payment of pledges has been recognized by the Organization over a one to five-year time period. At the time a pledge is made, the contributions that are expected to be collected within one year are recorded as revenue at their net realizable value. Pledges that are expected to be collected in future years are recorded as revenue at the present value of their estimated future cash flows and are discounted at a current annual rate of 1.5%. As of June 30, 2019, there were no pledges receivable, nor payments on pledges expected to be received by the Organization within the next twelve (12) months.

In accordance with FASB ASC 958, *Not-for-Profit Entities*, conditional promises to give are not recognized as contribution revenue and receivables until the conditions on which they depend are substantially met or explicitly waived and the conditional promise becomes an unconditional promise.

**Other Receivables**

Other receivables, when deemed to be uncollectible by management, are charged directly to expense.

**Property and Equipment, Net of Accumulated Depreciation**

The Organization's capitalization policy is to consider capitalization for any individual item with a historical acquisition cost of greater than or equal to \$1,500. Lesser amounts are expensed. Routine repairs and maintenance costs for property and equipment are expensed as incurred. Property and equipment is stated at historical acquisition cost, net of accumulated depreciation. Depreciation of property and equipment is determined by using straight-line method of depreciation, calculated over the estimated useful lives of the respective assets, which currently range from three (3) to forty (40) years. Donated property and equipment items, if applicable, are similarly capitalized and depreciated.

Management of the Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Organization to conclude that impairment indicators exist and that long-lived assets may be impaired.

**Functional Expense Allocations**

The Organization records expenses on a functional basis among three categories: program services, general and administrative and fund raising. Expenses that can be identified with a specific program or supporting service are charged directly to the program or service. Expenses which apply to more than one functional expense category are allocated directly to the program or service category benefited based on estimates made by management of the Organization by using percentage-based cost allocations.

**Fund Raising Costs**

Fund raising costs includes both actual costs and allocations of certain indirect costs.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Fiscal Years Ended June 30, 2019 and 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):**

**Date of Management's Review and Subsequent Events**

Management of the Organization has evaluated subsequent events occurring through November 11, 2019, which is the date that the financial statements were available for issuance, noting no additional events that required recognition or disclosure in the accompanying financial statements and footnotes.

**NOTE B – CONCENTRATION OF CUSTODIAL CREDIT RISK:**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its deposits or investments that are held in the possession of an outside party. The Organization maintains balances of cash and cash equivalents with various financial institutions. Accounts at these financial institutions are insured by either the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Administration ("NCUA") up to \$250,000, per institution. As of June 30, 2019 and 2018, the Organization exceeded FDIC depositor's insurance limits at certain financial institutions by a combined total amount of \$228,818 and \$170,803 at June 30, 2019 and 2018, respectively. While management of the Organization believes that the financial institutions are financially viable, any concentration of custodial credit risk with a financial institution poses a significant financial risk.

**NOTE C – NET ASSETS:**

**Net Assets, Without Donor Restrictions:**

**Net Assets, Without Donor Restrictions - Undesignated**

Net assets without donor restrictions of the Organization which are listed as "undesignated" are those net assets which are available for the daily operations and general use of the Organization. Undesignated net assets also include the historical acquisition cost, net of accumulated depreciation, of the Organization's facilities, buildings, land, property and equipment, which have been previously released from donor-imposed restrictions.

**Net Assets, Without Donor Restrictions - Designated by the Board of Directors**

Certain net assets without donor restrictions of the Organization, by virtue of standing board policies of the Board of Directors of the Organization, have been further segregated as "board designated" net assets. Expressed purposes of board designated funds are that the funds be used only as long-term reserves for certain programs or general and administrative expenses. Board designated funds consist of a fund styled as "The Little Light House, Inc. Operating Endowment Fund" and additional funds have also been segregated by the board of directors of the Organization as being reserved for staff compensation contingencies, deferred building maintenance and building utilities. The following classifications reflect the nature of board designated restrictions on assets without donor restrictions as of June 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
<b><u>Subject to expenditure for board specified purpose:</u></b>		
Staff contingency fund	\$ 548,383	\$ 511,653
Maintenance fund	119,461	62,149
Operating quasi-endowment fund	113,611	107,564
Utility escrow fund	<u>77,017</u>	<u>76,157</u>
Total net assets, designated by the Board of Directors	<u>\$ 858,472</u>	<u>\$ 757,523</u>

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Fiscal Years Ended June 30, 2019 and 2018**

**NOTE C – NET ASSETS – (Continued):**

**Net Assets, With Donor Restrictions:**

**Net Assets, With Donor Restrictions – Purpose Restricted**

Net assets without donor restrictions, purpose restrictions of the Organization are those net assets which are subject to donor-imposed restrictions for specified programs and activities of the Organization and pledges which are time restricted.

**Net Assets, With Donor Restrictions - Perpetual in Nature**

Net assets with donor restrictions which are perpetual in nature of the Organization consist of the “Wm. S. Bailey, Jr. Maintenance Endowment Fund”, which was established at the request of a third-party donor. The principal of the fund must at all times be safely invested to produce income. The income of the fund may only be used for the purpose of operating and maintaining the physical plant of the Little Light House, (i.e., utilities, repairs, improvements, cleaning, etc.). In the case of extreme emergencies, and then only by a unanimous silent vote of the Board of Directors of The Little Light House, can the income of the fund be used for other purposes. However, as mentioned previously, the principal of the building maintenance fund is required by the donor to be safely invested to produce income.

Net assets with donor restrictions were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or occurrences of other events specified by donors, as follows for the fiscal years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
<b><u>Satisfaction of Program Restrictions:</u></b>		
Various programs	\$ 190,317	\$ 206,832
<b><u>Satisfaction of Purchase Restrictions:</u></b>		
Facility renovation and improvements	<u>2,483,007</u>	<u>144,388</u>
Total released for satisfaction of donor-imposed restrictions	<u>\$ 2,673,324</u>	<u>\$ 351,220</u>

The following classifications reflect the nature of restrictions on net assets with donor restrictions as of June 30, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
<b><u>Nature of net assets with donor restrictions:</u></b>		
Subject to expenditure for specified purpose:		
Purpose restrictions and programs, various	\$ 516,711	\$ 272,862
Building expansion	106,527	2,110,358
Subject to time restrictions:		
Pledges receivable	-	66,000
Perpetual in nature:		
Building maintenance fund	<u>115,860</u>	<u>115,860</u>
Total net assets, with donor restrictions	<u>\$ 739,098</u>	<u>\$ 2,565,080</u>

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Fiscal Years Ended June 30, 2019 and 2018**

**NOTE D – ENDOWMENT FUNDS:**

Endowment funds (including quasi-endowment funds) of the Organization consisted of the following as of the fiscal years ended June 30, 2019 and 2018, respectively:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<i>Board designated quasi-endowment funds:</i>			
Endowment net assets, beginning of year	\$ 107,564		\$ 107,564
<i>Donor restricted endowment funds:</i>			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor			
Endowment net assets, beginning of year		\$ 115,860	115,860
Investment return, net	1,057	2,362	3,419
Contributions	4,990	-	4,990
Appropriation of endowment net assets for expenditure		(2,362)	(2,362)
Endowment net assets, end of year	<u>\$ 113,611</u>	<u>\$ 115,860</u>	<u>\$ 229,471</u>

**NOTE E – LIQUIDITY AND AVAILABILITY OF RESOURCES:**

The Organization is funded entirely from contributions from donors. Many donor contributions contain restrictions on the use of funds that require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet those responsibilities to its donors and certain financial assets may not be available for general expenditure within one year. As a part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of its daily needs in liquid, interest-bearing accounts such as savings accounts, money market accounts and certificates of deposit. In addition, to help manage unanticipated future liquidity needs for staff compensation, building maintenance and utilities, the board of directors of the Organization has designated certain funds for these stated purposes. Although the Organization does not intend to spend from either its board-designated endowment fund or from other board designated funds, amounts from these funds could be utilized in the event of an unanticipated liquidity need.

The Organization's endowment funds consist of a donor-restricted endowment fund and a board designated endowment fund. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

The Organization does not currently have a line of credit with a financial institution that is available which it could draw from to help manage unanticipated liquidity needs.

**THE LITTLE LIGHT HOUSE AND AFFILIATES**  
**dba, The Little Light House**  
**Notes to the Consolidated Financial Statements**  
**As of and for the Fiscal Years Ended June 30, 2019 and 2018**

**NOTE F – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:**

The Organization has investment assets held with the Tulsa Community Foundation (“TCF”) for the benefit of the Organization. At the end of each calendar year, TCF determines an amount that may be distributed to the Organization. The effective annual rate is not to exceed 5.1% of the total investment assets held. At June 30, 2019 and 2018, the amounts available for distribution were \$282 and \$271, respectively. At June 30, 2019 and 2018, the beneficial interest in assets held by others were valued at \$5,449 and \$5,640, respectively.

**NOTE G – COMPENSATED ABSENCES AND PAID TIME OFF:**

Employees of the Organization are entitled to paid vacation and sick days depending upon job classification, length of service and various other factors. In accordance with FASB ASC 710, *Compensation-General*, the Organization has accrued compensated absences for the fiscal years ended June 30, 2019 and 2018, of \$19,267 and \$19,575, respectively.

**NOTE H – FUND RAISING AND SPECIAL EVENTS:**

Special events revenues and expenses are directly related to fund raising and consist of the following for the fiscal years ended June 30, 2019 and 2018, respectively:

	<u>2019</u>		<u>2018</u>	
Fund raising and special event revenues:				
Mini-Laps	\$ 453,165		\$ 546,357	
Garden Party	449,553		414,605	
Annual Campaign and Miscellaneous	212,493		268,302	
Laps for Little Ones	180,161		200,047	
Links for Little Ones	107,588		101,540	
Coins for Kids	<u>1,016</u>		<u>1,163</u>	
Total revenue	<u>1,403,976</u>	100%	<u>1,532,014</u>	100%
Direct fund raising and special event expenses:				
Garden Party	151,729		112,080	
Annual Campaign and Miscellaneous	19,743		12,434	
Links for Little Ones	18,280		25,967	
Laps for Little Ones	10,902		11,752	
Mini-Laps	<u>9,358</u>		<u>10,461</u>	
Total expenses	<u>210,012</u>	15%	<u>172,694</u>	11%
Net fund raising and special events revenue	<u>\$ 1,193,964</u>	85%	<u>\$ 1,359,320</u>	89%

**NOTE I – CHANGE IN NON-PROFIT ACCOUNTING STANDARD:**

On August 18, 2016, the FASB issued Accounting Standard Update (“ASU”) 2016-14 (Topic 958): *“Presentation of Financial Statements of Not-for-Profit Entities”* effective for fiscal years beginning after December 15, 2017. Under the new accounting standard the Organization is required to present, on the face of the financial statements, both on the statements of financial position and the statements of activities, the amount for each of two classes of net assets – *net assets with donor restrictions* and *net assets without donor restrictions* – as opposed to the three classes that were previously required (unrestricted, temporarily restricted and permanently restricted). The application of the new standard did not have an impact on the Organization’s financial statements.