

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
June 14, 2022 – 2:45 p.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.4

RECOMMENDED ACTION:

Approve the January 20, 2021 Lighthouse for Children Meeting Minutes.

ACTION SUMMARY MINUTES

January 20, 2021 – 12:39 p.m.

Present: **Board Members:** Brian Pacheco (Chair), Hugo Morales, Dawan Utecht, Stacy Sablan

Absent: None

Staff: Fabiola González, Ken Price (Legal Counsel)

1. CALL TO ORDER

2. POTENTIAL CONFLICTS OF INTEREST: Any Board Member who has a potential conflict of interest may now identify the item and recuse themselves from discussing and voting on the matter.

None heard.

3. MINUTES FROM DECEMBER 9, 2020 BOARD MEETING

Public Comment: None heard.

Motion by: Utecht Second by: Morales
Ayes: Utecht, Morales, Sablan, Pacheco
Noes: None heard.

4. FINANCIAL REPORT FOR PERIOD ENDING OCTOBER 2020

Public Comment: None heard.

Motion by: Sablan Second by: Utecht
Ayes: Utecht, Morales, Sablan, Pacheco
Noes: None heard

5. A) CONSIDERATION TO DEED TITLE TO THE LIGHTHOUSE FOR CHILDREN BUILDING, AND

B) DIRECTION ON LIGHTHOUSE FOR CHILDREN, INC. NONPROFIT STATUS

Board Member Morales provided direction that the Lighthouse for Children maintain nonprofit status until further notice. Board member Utecht supports the direction.

Public Comment: None heard.

Motion by: Morales Second by: Utecht
Ayes: Utecht, Morales, Sablan, Pacheco
Noes: None heard

6. PUBLIC COMMENT

Public Comment: None heard.

No action required.

7. ADJOURNMENT

Public Comment: None heard.

Motion by: Utecht Second by: Morales
Ayes: Utecht, Morales, Sablan, Pacheco
Noes: None heard.

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
June 14, 2022 – 2:45 p.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.5

TO: Lighthouse for Children Board Members
FROM: Fabiola González, Executive Director
SUBJECT: Financial Audit Report for Fiscal Year 2020-2021

RECOMMENDED ACTION:

Accept the Lighthouse for Children, Inc. Financial Audit Report for Fiscal Year 2020-2021.

BACKGROUND:

Lighthouse for Children, Inc. (LFC) is a California Nonprofit Public Benefit Corporation and is considered a component unit of the Children and Families Commission of Fresno County. Being so, the LFC is included in the Commission's Annual Financial Report as a blended component unit. In conjunction with the requirements of Children and Families Commission of Fresno County, the Lighthouse for Children, Inc. 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.

Contracted auditing firm, Price, Paige & Company, conducted an audit to obtain reasonable assurance about whether the financial statements are in accordance with required accounting principles and to ensure they are free from material misstatement.

Upon completion of the Financial Audit Report, the auditing firm has assured the Lighthouse for Children, Inc. financial statements for Fiscal Year 2020-2021 are in accordance with accounting principles. The Financial Audit Report is attached.

CONCLUSION:

Acceptance by the Board will deem the Lighthouse for Children, Inc.'s Financial Audit Report as final and all final statements within the Report will be utilized in future financial reporting.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2021

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

FINANCIAL STATEMENTS
JUNE 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7



INDEPENDENT AUDITOR'S REPORT

To the Board of
Lighthouse for Children, Inc.
Fresno, California

We have audited the accompanying financial statements of Lighthouse for Children, Inc. (a nonprofit "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 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 financial statements are free from 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 Organization'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 Organization'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.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540

fax 559.299.2344

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse for Children, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Price Pange & Company

Clovis, California
October 8, 2021

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 55,061
Total current assets	<u>55,061</u>

Total assets	<u>\$ 55,061</u>
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LIABILITIES AND NET ASSETS

Liabilities

Current liabilities:

Accounts payable and accrued expenses	\$ 4,267
Total current liabilities	<u>4,267</u>

Net Assets

Net assets without donor restrictions	<u>50,794</u>
Total net assets	<u>50,794</u>

Total liabilities and net assets	<u>\$ 55,061</u>
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See Independent Auditor's Report and Notes to the Financial Statements.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Rental income	\$ 98,667	\$ -	\$ 98,667
Interest income	6	-	6
Forgiveness of debt	1,946,663	-	1,946,663
Other fees and reimbursements	<u>160</u>	<u>-</u>	<u>160</u>
Total revenues, gains and support before net assets released from restrictions	2,045,496	-	2,045,496
Net assets released from restrictions	<u>46,799</u>	<u>(46,799)</u>	<u>-</u>
Total revenues, gains and support after net assets released from restrictions	<u>2,092,295</u>	<u>(46,799)</u>	<u>2,045,496</u>
Expenses:			
Program services	412,046	-	412,046
Management and general	<u>17,472</u>	<u>-</u>	<u>17,472</u>
Total expenses	<u>429,518</u>	<u>-</u>	<u>429,518</u>
Changes in net assets	1,662,777	(46,799)	1,615,978
Net assets, beginning of year	<u>(1,611,983)</u>	<u>46,799</u>	<u>(1,565,184)</u>
Net assets, end of year	<u>\$ 50,794</u>	<u>\$ -</u>	<u>\$ 50,794</u>

See Independent Auditor's Report and Notes to the Financial Statements.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Expenses:			
Insurance and taxes	\$ -	\$ 8,357	\$ 8,357
Interest	151,951	-	151,951
Legal and professional services	-	5,702	5,702
Management and administrative services	-	3,413	3,413
	<u>151,951</u>	<u>17,472</u>	<u>169,423</u>
Total expenses before depreciation			
	151,951	17,472	169,423
Depreciation	<u>260,095</u>	<u>-</u>	<u>260,095</u>
Total expenses	<u>\$ 412,046</u>	<u>\$ 17,472</u>	<u>\$ 429,518</u>

See Independent Auditor's Report and Notes to the Financial Statements.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities	
Change in net assets	\$ 1,615,978
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	260,095
Forgiveness of debt	(1,946,663)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	3,788
Interest payable	<u>(13,841)</u>
Net cash provided by (used in) operating activities	<u>(80,643)</u>
Net increase (decrease) in cash and cash equivalents	(80,643)
Cash, cash equivalents, and restricted cash, beginning of year	<u>135,704</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 55,061</u>
 Supplemental Disclosures of cash flow information	
Total interest paid	<u>\$ 118,979</u>

See Independent Auditor's Report and Notes to the Financial Statements.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – ORGANIZATION AND OPERATIONS

Lighthouse for Children, Inc. (the “Organization”) is a California not-for-profit public benefit corporation and is considered a blended component unit of the Children and Families Commission of Fresno County (the “Commission”), also known as First 5 Fresno County, and as such is included in the Commission’s Annual Financial Report as a blended component unit.

The Organization was created by the Commission as a Qualified Active Low Income Community Business (“QALICB”) to take advantage of a New Market Tax Credit (“NMTC”) financing structure in order to build a facility within a low-income community. The Organization was created as a 501(c)(3) not-for-profit public benefit corporation to act as the QALICB, as the Commission is not eligible to be the QALICB.

The Organization exists for the following specific charitable purposes: to provide a vision and means for Fresno County children to enter school in good health, ready and able to learn, and emotional well-developed by providing culturally, individually and developmentally appropriate parenting and nurturing support and access to resources regarding healthcare, nutrition and smoking prevention and cessation; to serve as an incubator for knowledge in the community regarding child welfare and development; to generally carry out the goals of the Commission and to develop an infrastructure that promotes the social welfare of Fresno County children and their parents.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor 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.

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 actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash accounts and all highly liquid debt instruments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

The Organization estimates the allowance for doubtful accounts based on an analysis of specific donors and clients, taking into consideration the age of past due amounts and an assessment of the donor’s ability to pay. At June 30, 2021, management considered all accounts to be fully collectible and, therefore, no allowance was recorded in the accompanying financial statements. No receivables were expensed to bad debt during the year ended June 30, 2021.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed by using the straight-line method depreciated over the estimated useful life of the asset. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful life of the assets or the related lease term. Routine maintenance, repairs and minor replacements are expensed when incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Furniture and equipment	7 years

In-Kind Contributions

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. The Organization received no in-kind donations for the year ended June 30, 2021.

Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-expense advertising are capitalized and amortized over the period during which future benefits are expected to be received. There were no capitalized costs or advertising costs for the year ended June 30, 2021.

Income Tax Status

The Organization is a tax-exempt Organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State of California Corporate Code. The Organization is subject to taxation on any unrelated business income.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, accounts payable and accrued expenses, and interest payable, none of which are held for trading purposes. The fair values of all financial instruments do not differ materially from the aggregate carrying values of the financial instruments recorded in the accompany statement of financial position. The carrying amounts of these financial instruments approximate fair value because of the short-term maturities of those instruments.

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 certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Organization maintains cash balances in several financial institutions. Cash balances in interest-bearing transaction accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. As of June 30, 2021, the Organization’s cash balances were fully insured.

Functional Allocation of Expenses

The costs of providing the Organization’s various charitable and general services have been summarized on a functional basis in the statement of functional expenses. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist primarily of general, administrative and management costs, not directly allocable to program services.

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets as of June 30, 2021:

Financial assets at year end:

Cash, restricted cash, and cash equivalents	\$ 55,061
Total financial assets	<u>55,061</u>

Less amounts not available to be used within one year:

Net assets with donor restrictions	<u>-</u>
	<u>-</u>

Financial assets available to meet general expenditures
over the next twelve months

\$ 55,061

As part of the Lighthouse for Children, Inc. liquidity management plan, cash in excess of daily requirements are maintained in cash and cash equivalent accounts for immediate access should those funds be needed. Funds in excess of daily cash requirements may be used to meet unexpected liquidity needs.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 – NEW MARKETS TAX CREDIT

New Markets Tax Credit (NMTC) programs are designed to infuse private sector capital into previously overlooked communities by providing a tax credit for the qualified investors designated as Community Development Entities (CDEs). The NMTC transaction structure involves the leverage of a lender to provide funding into a newly created investment fund (the Fund). A separate investor, then provides the equity into the Fund. The Fund then loans the full amount of the financial transaction to the CDEs, who in turn loans the funds to the Qualified Active Low-Income Community Business (QALICB). This arrangement provides credits against the investor and CDEs federal tax obligations. The NMTC transaction is active for seven years at which time the investor will “put” the transaction and allow the leverage lender to acquire 100% interest in the Fund.

The First 5 Fresno County Commission recognized the need for a high-quality childcare facility that would include an array of services to families with young children and so the Commission committed to being the leverage lender for the qualifying NMTC project deemed the Lighthouse for Children Facility. In 2013, the Commission created Lighthouse for Children, Inc. (LFC), a 501(c)(3) non-profit public benefit corporation, as the QALICB, since the Commission was not eligible to be the QALICB. The result was the construction of the Lighthouse for Children Facility completed in 2015.

The seventh and final year of the Lighthouse for Children Facility NMTC transaction came to an end on December 14, 2020. All NMTC requirements were met and both the Commission and the LFC were found to be in good standing. The NMTC structure for the project was dissolved resulting in the Commission, the original leverage lender, holding the interest of the Fund with the Lighthouse for Children Facility and land being held by LFC.

As of March 1, 2021, the LFC board decided to deed the building to the Commission in exchange for forgiving the remaining loan balance. The financial statements reflect this transfer of the building and land from LFC to the Commission.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

	Balance July 1, 2020	Additions	Disposals	Transfers to the Commission	Balance June 30, 2021
Non-depreciable assets					
Land	\$ 649,080	\$ -	\$ -	\$ (649,080)	\$ -
Total non-depreciable assets	<u>649,080</u>	<u>-</u>	<u>-</u>	<u>(649,080)</u>	<u>-</u>
Depreciable assets					
Buildings and improvements	15,427,481	-	-	(15,427,481)	-
Furniture and equipment	<u>31,191</u>	<u>-</u>	<u>-</u>	<u>(31,191)</u>	<u>-</u>
Total depreciable assets	<u>15,458,672</u>	<u>-</u>	<u>-</u>	<u>(15,458,672)</u>	<u>-</u>
Less accumulated depreciation					
Buildings and improvements	(2,063,375)	(257,125)	-	2,320,500	-
Furniture and equipment	<u>(16,945)</u>	<u>(2,970)</u>	<u>-</u>	<u>19,915</u>	<u>-</u>
Total accumulated depreciation	<u>(2,080,320)</u>	<u>(260,095)</u>	<u>-</u>	<u>2,340,415</u>	<u>-</u>
Property and equipment, net	<u>\$ 14,027,432</u>	<u>\$ (260,095)</u>	<u>\$ -</u>	<u>\$ (13,767,337)</u>	<u>\$ -</u>

Depreciation expense was \$260,095 for the year ended June 30, 2021.

See Independent Auditor’s Report.

LIGHTHOUSE FOR CHILDREN, INC.
FRESNO, CALIFORNIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6 - INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax positions included the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ended June 30, 2021.

Generally accepted accounting principles provide accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years to four years, respectively, after they are filed.

NOTE 7 – UNCERTAINTY

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. Accordingly, some functions of the Organization's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

NOTE 8 – SUBSEQUENT EVENTS

The Lighthouse for Children Board and the First 5 Fresno County Commission intend to further engage in discussions regarding the future of the LFC non-profit. Subsequent Board meetings will include options, brought forth by LFC management, for consideration

Management has evaluated and concluded that there were no other subsequent events that have occurred from June 30, 2021 through the date the financial statements were available to be issued at October 8, 2021 that would require disclosure or adjustment.

LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
June 14, 2022 – 2:45 p.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.6

TO: Lighthouse for Children Board Members
FROM: Fabiola González, Executive Director
SUBJECT: Financial Report for March 2022 and Fiscal Year 2021-2022 Operating Budget Update

RECOMMENDED ACTION:

Accept the Financial Report for period ending March 31, 2022, and approve the Lighthouse for Children, Inc. Fiscal Year 2021-2022 Operating Budget.

BACKGROUND:

This item is intended to keep the Board apprised of the financial activity of the Lighthouse for Children, Inc. (LFC) as of March 31, 2022, and present the Operating Budget as an opportunity to discuss and review financial activities. With infrequent meetings of the LFC Board, the current financial report and the budget are being presented jointly.

March 2022 Financial Highlights:

With the New Markets Tax Credits ending in December 2020, financial activity had slowed for the LFC. As is shown in the financial report, few transactions in both revenue and expenditures have taken place. Staff continues to explore ways to reduce costs for LFC.

Revenues (\$18 - 180%) – Revenues, although minimal, are within the anticipated amount for the fiscal year.

Operating Expenses: (\$6,348 - 126%) – Expenses remain within budget limits.

- Insurance & Taxes: (\$663 - 94%) – This line item includes Directors and Officers liability insurance coverage cost for the period in addition to expenses associated with the filings with the state.
- Professional Services: (\$5,685 - 131%) – This line item includes professional services provided by Price Paige & Company for completion of the Fiscal Year 2021 audit and submission of the annual informational return. As well as legal expenses for legal counsel's time at the Board meeting.

Assets and Liabilities/Fund Balance Charts – All accounts saw a significant decrease compared to last year due to the transfer of ownership of the building in March 2021.

- Assets: Current assets include the LFC Operating Bank Account that, as of March 31st

holds \$44k. This piece of the Balance Sheet, as evident in the Audited financial statements saw a decrease of almost 100%, compared to the prior year, since the building made up the overall majority asset value held by Lighthouse for Children, Inc (LFC). After the transfer of the building, cash now makes up all of the asset value.

- Liabilities/Fund Balance: After the transfer of the building, liabilities decreased significantly as the LFC's loan was forgiven.

2021-2022 Operating Budget

Now that the Lighthouse for Children facility is built and the New Markets Tax Credit obligations have ceased, there is an opportunity to discuss the aim of the organization. In the various meetings and convenings they are a part of, staff hold this opportunity to use the Lighthouse for Children, Inc. to support the community and are still in conversations on how the non-profit can be utilized.

Included is the FY 2021-2022 Budget. The budget implements the resources of the Lighthouse for Children, Inc., (LFC) to support the organization's mission and to allocate operational funds to positively impact Fresno County's young children and their families.

Key Points of the Operating Budget:

The budget document is included in the packet, the following is additional historical content.

Revenues – Significant decrease.

Rent income is no longer being received since the change in ownership of the LFC Facility to First 5 Fresno County. Additional revenue sources for the non-profit are yet to be secured as the aim of the organization is still up for discussion. LFC has received one small donation of ten dollars.

Expenses – Significant decrease.

Overall, a significant decrease in expenses have taken place since there are no longer costs associated with the Lighthouse for Children Facility obligation. The largest decreases are in New Market Tax Credit (NMTC) fees and interest payments and depreciation as the building was transferred to the First 5 Fresno County Commission in March 2021.

CONCLUSION:

Organization by-laws require the updated budget document. With the infrequent gathering of the LFC, this 2021-2022 Operating Budget for the LFC is included for formal approval. The subsequent budget will be presented following this item.

**FINANCIAL STATEMENT
MARCH 2022 (75%)**

Revenues

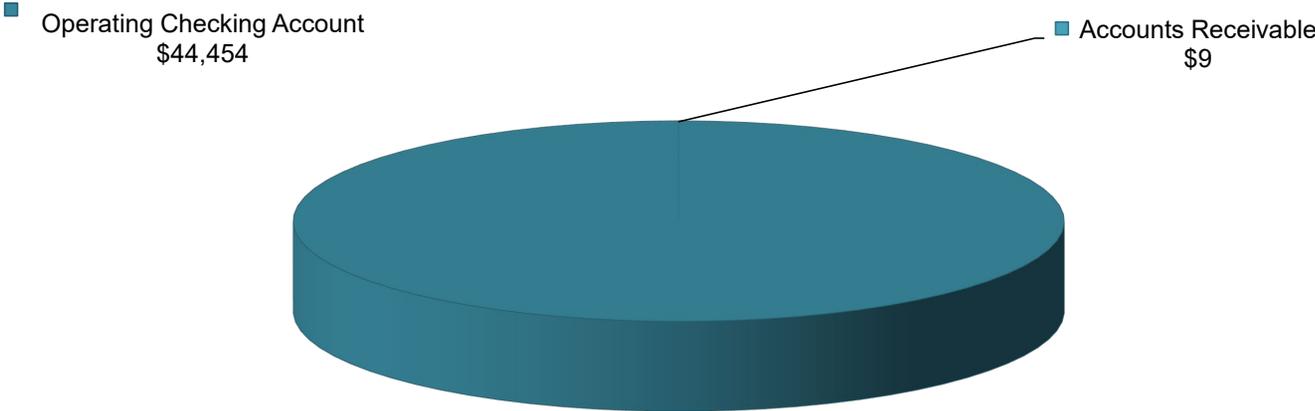
	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Percent Variance</u>
	07/01/2021 - 06/30/2022	07/01/2021 - 03/31/2022	
Other Revenue/Donations	\$9	\$9	100%
Total Revenues	\$9	\$9	100%

Expenses

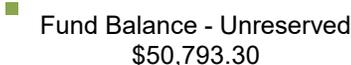
	<u>Budget Amounts</u>	<u>Actual Amounts</u>	<u>Percent Variance</u>
	Insurance & Taxes	\$705	\$663
Professional Services	\$4,350	\$5,685	131%
Total Operating	\$5,055	\$6,348	126%

MARCH 2022 Financial Charts - Balance Sheet

ASSETS



LIABILITIES AND FUND BALANCE





FY 2021-2022 OPERATING BUDGET

**2405 Tulare St.
Fresno, CA 93721**

(559) 558-4900

LIGHTHOUSE FOR CHILDREN, INC.
FY2021-2022 OPERATING BUDGET SUMMARY

Revenue & Cash	FY 2020-2021 Actuals	FY 2021-2022 Budget	Variance
Net Assets	\$50,794	\$0	(\$50,794)
Annual Rent Income	\$98,667	\$0	(\$98,667)
Other Revenue - cash	\$1,896,035	\$10	(\$1,896,025)
Total Revenue	\$2,045,496	\$10	(\$2,045,486)
Expenses			
Administrative Contract	\$3,413	\$0	(\$3,413)
Administrative Contract Sub-total	\$3,413	\$0	(\$3,413)
Insurance & Taxes Expense			
Insurance Expense	\$7,725	\$525	(\$7,200)
Taxes Expense	\$632	\$180	(\$452)
Insurance & Taxes Expense Sub-total	\$8,357	\$705	(\$7,652)
Professional Services Expense			
Legal Services	\$658	\$450	(\$208)
Auditing Services	\$4,188	\$3,900	(\$288)
990 - Informational Return Preparation	\$855	\$1,664	\$809
Professional Services Expense Sub-total	\$5,701	\$4,350	\$313
New Market Tax Credit (NMTC) Expense			
NMTC Interest Payments and Fees	\$151,951	\$0	(\$151,951)
NMTC Expense Sub-total	\$151,951	\$0	\$151,951
Depreciation Expense			
Depreciation	\$260,095	\$0	(\$260,095)
Depreciation Expense Sub-total	\$260,095	\$0	(\$260,095)
Total Expenses	\$429,517	\$5,055	(\$424,462)
Net Income (Loss)	\$1,615,979	(\$5,045)	

**FY 2021-2022 BUDGET
 DETAIL BUDGET LINE ITEMS
 COST ANALYSIS AND JUSTIFICATION**

Insurance & Taxes Expense	FY 2021-2022 Budget Amount																															
	\$705																															
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LIGHTHOUSE FOR CHILDREN, INC.

**Board Meeting
June 14, 2022 – 2:45 p.m.**

**2405 Tulare Street
Fresno, CA 93721**

AGENDA ITEM NO.7

TO: Lighthouse for Children Board Members
FROM: Fabiola González, Executive Director
SUBJECT: Fiscal Year 2022-2023 Lighthouse for Children, Inc. Proposed Operating Budget

RECOMMENDED ACTION:

Approve the Lighthouse for Children, Inc. Fiscal Year 2022-2023 Proposed Operating Budget.

BACKGROUND:

The purpose of the budget is to implement the resources of the Lighthouse for Children, Inc., (LFC) to support the organization's mission and to allocate operational funds to positively impact Fresno County's young children and their families.

Key Points of the Proposed Budget:

Revenues – None.

With the change of ownership in March 2021, there is no longer rent revenue. Additional revenue sources for the non-profit have yet to be discovered.

Expenses – Minimal change.

Overall, budgeted are slight increases in expenses of \$95 when comparing to the previous budget. The minimal increase (in insurance & tax expenses) is offset by an anticipated reduction in tax expense.

- Professional Services Expense
 - *Legal Services:* The largest single increase is in legal services with the rate. Staff decided to budget for two hours as, this fiscal year may require the discussion of a change in mission for LFC or possible dissolution, at the guidance of the board, of the non-profit. Those discussions will require support from legal counsel.

Staff continues to find ways for cost savings for the LFC as the nature of the financial activity has changed drastically since 2020.

CONCLUSION:

An approved 2022-2023 Proposed Budget provides an updated financial framework for the LFC to make acceptable and allowable financial decisions to be implemented beginning July 1, 2022.



FY 2022-2023 PROPOSED BUDGET

**2405 Tulare St.
Fresno, CA 93721**

(559) 558-4900

LIGHTHOUSE FOR CHILDREN, INC.
FY2022-2023 PROPOSED BUDGET SUMMARY

Revenue & Cash	FY 2021-2022 Projected Actuals	FY 2022-2023 Proposed Budget	Variance
Net Assets	\$0	\$0	\$0
Annual Rent Income	\$0	\$0	\$0
Other Revenue - cash	\$10	\$0	(\$10)
Total Revenue	\$10	\$0	(\$10)
Expenses			
Insurance & Taxes Expense			
Insurance Expense	\$530	\$550	\$20
Taxes Expense	\$150	\$25	(\$125)
Insurance & Taxes Expense Sub-total	\$680	\$575	(\$105)
Professional Services Expense			
Legal Services	\$250	\$450	\$200
Auditing Services	\$3,900	\$3,900	\$0
Informational Return Preparation	\$1,664	\$1,664	\$0
Professional Services Expense Sub-total	\$5,814	\$6,014	\$200
Total Expenses	\$6,494	\$6,589	\$95
Net Income (Loss)	(\$6,494)	(\$6,589)	

**FY 2022-2023 PROPOSED BUDGET
 DETAIL BUDGET LINE ITEMS
 COST ANALYSIS AND JUSTIFICATION**

Insurance & Taxes Expense	FY 2022-2023 Proposed Budget Amount
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\$575

The Lighthouse for Children, Inc. (LFC), is required to carry insurance for Directors and Officers policy (D&O) insurance. The State of California mandates nonprofit organizations submit their revenues and expenses on an annual basis along with a submission fee.

The following insurance quotation was received from the LFC's insurance broker.

Insurance Expenses	FY 2022 - 2023 Quotation		
D&O Annual Premium	\$550		\$550
		Insurance Sub-total	<u>\$550</u>
Tax Expenses			
CA Charity Registration Fees	\$25		\$25
		Tax Sub-total	<u>\$25</u>
		Insurance & Taxes Total	<u><u>\$575</u></u>

Professional Services Expense	FY 2022-2023 Proposed Budget Amount
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\$6,014

The Lighthouse for Children, Inc. (LFC) contracts with outside professional firms for legal, auditing and tax preparation services. The use of legal services is projected to decrease as the LFC New Markets Tax Credit loan ended in 2020.

Items		
Legal Services 2 hours @ \$225/hour		\$450
Auditing Services		\$3,900
990 Form Preparation Fee		\$1,664
	Professional Services Total	<u><u>\$6,014</u></u>