



# **THE LAMP FOUNDATION, INC.**

## **FINANCIAL STATEMENTS**

**December 31, 2018**



THE LAMP FOUNDATION, INC.  
YEAR ENDED DECEMBER 31, 2018

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# Morey, Nee, Buck & Oswald, LLC

Certified Public Accountants and Advisors

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Lamp Foundation, Inc.  
Montclair, New Jersey

We have audited the accompanying financial statements of The Lamp Foundation, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - modified cash basis as of December 31, 2018, and the related statements of support, revenue, and expenses, and functional expenses - modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lamp Foundation, Inc. as of December 31, 2018, and the changes in its net assets for the year then ended in accordance with the modified cash basis of accounting.

## **Basis of Accounting**

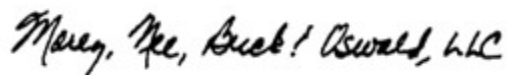
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Prior Period Summarized Financial Statements**

We have previously audited The Lamp Foundation, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Emphasis of Matter**

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities–Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retroactively to 2017. Our opinion is not modified with respect to this matter.



Morey, Nee, Buck & Oswald, LLC  
Spring House, Pennsylvania  
November 15, 2019

THE LAMP FOUNDATION, INC.  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS –  
MODIFIED CASH BASIS  
AS OF DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 262,871	\$ 237,530
Investments	13,016	3,507
Property and equipment:		
Land	10,000	10,000
Building and improvements	85,047	85,047
Vehicles	70,035	120,218
Equipment and fixtures	<u>80,801</u>	<u>89,545</u>
	245,883	304,810
Accumulated depreciation	<u>(77,216)</u>	<u>(149,920)</u>
Total property and equipment, net	<u>168,667</u>	<u>154,890</u>
Total assets	<u>\$ 444,554</u>	<u>\$ 395,927</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Credit card payable	\$ -	\$ 3,383
Due to pass thru organization	<u>500</u>	<u>7,053</u>
Total liabilities	<u>500</u>	<u>10,436</u>
Net assets:		
Without donor restrictions	422,874	364,660
With donor restrictions	<u>21,180</u>	<u>20,831</u>
	<u>444,054</u>	<u>385,491</u>
Total liabilities and net assets	<u>\$ 444,554</u>	<u>\$ 395,927</u>

The accompanying notes are an integral part of the audited financial statements.

THE LAMP FOUNDATION, INC.  
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES –  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	Without donor <u>Restrictions</u>	With donor <u>Restrictions</u>	<u>2018</u>	<u>2017</u>
Support and revenue:				
Contributions	\$ 249,718	\$ -	\$ 249,718	\$ 140,110
School sponsorship donations	9,500	-	9,500	10,260
In-kind contributions	736,799	-	736,799	1,388,201
Grant income	52,931	52,000	104,931	71,350
Investment income	309	-	309	1,203
Loss on Asset	(433)	-	(433)	-
Fundraising events	181,765	-	181,765	177,958
Net assets released from restrictions	<u>51,651</u>	<u>(51,651)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,282,240</u>	<u>349</u>	<u>1,282,589</u>	<u>1,789,082</u>
Expenses:				
Program expenses	1,091,030	-	1,091,030	1,694,736
Management and general	33,308	-	33,308	21,713
Fundraising	<u>99,688</u>	<u>-</u>	<u>99,688</u>	<u>65,786</u>
Total expenses	<u>1,224,026</u>	<u>-</u>	<u>1,224,026</u>	<u>1,782,235</u>
Change in net assets	58,214	349	58,563	6,847
Net assets, beginning of year	<u>364,660</u>	<u>20,831</u>	<u>385,491</u>	<u>378,644</u>
Net assets, end of year	<u>\$ 422,874</u>	<u>\$ 21,180</u>	<u>\$ 444,054</u>	<u>\$ 385,491</u>

The accompanying notes are an integral part of the audited financial statements.

THE LAMP FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES –  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>2018</u>	<u>2017</u>
NGO wages	\$ 124,445	\$ -	\$ -	\$ 124,445	\$ 112,573
Payroll taxes	7,166	2,389	-	9,555	8,614
Employee benefits	2,125	-	-	2,125	-
Education program	-	-	-	-	10,791
Program services	55,781	-	-	55,781	36,843
Fundraising events	-	-	34,542	34,542	13,424
Occupancy	7,720	-	-	7,720	5,178
Executive director wages	34,375	11,458	-	45,833	46,667
Development wages	-	-	58,000	58,000	44,285
Vehicle expense	14,170	-	-	14,170	9,916
Bank and wire charges	5,792	-	-	5,792	4,681
Depreciation	21,519	-	-	21,519	26,734
Insurance expense	-	2,452	-	2,452	2,452
Lab supplies	22,125	-	-	22,125	15,247
Medical supplies	760,219	-	-	760,219	1,400,879
Office expense	-	11,509	-	11,509	6,450
Printing expense	-	-	5,535	5,535	4,571
Postage and shipping	-	-	1,611	1,611	760
Professional fees	-	5,500	-	5,500	6,000
Repairs and maintenance	13,609	-	-	13,609	6,764
Telephone and internet	11,320	-	-	11,320	6,812
Travel expenses	<u>10,664</u>	<u>-</u>	<u>-</u>	<u>10,664</u>	<u>12,594</u>
Total expenses	<u>\$1,091,030</u>	<u>\$ 33,308</u>	<u>\$ 99,688</u>	<u>\$1,224,026</u>	<u>\$1,782,235</u>

The accompanying notes are an integral part of the audited financial statements.

THE LAMP FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

1. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**Nature of Organization** - Through the provision of quality cost-effective medical care and humanitarian assistance, The Lamp Foundation, Inc. (the Organization) works with and for the people of Haiti to improve the lives of some of the most marginalized persons in Haitian society. Our work is done in collaboration with local residents, other Haitian professionals, and both governmental and nongovernmental partners.

The Lamp Foundation, Inc. is non-profit, non-sectarian and apolitical. Transparency to the community, patients, donors, and governing bodies is a *sine qua non*.

The Lamp Foundation, Inc. envisions a time when the communities we serve will meet their basic health and humanitarian needs on a self- sustaining basis.

To that end, The Lamp Foundation, Inc. develops and empowers local professional and nonprofessional staff to carry out its mission, aligns its activities with the needs and interests of the local community, and cooperates in mutually beneficial and sustainable ways with Haiti's broader network of health organizations.

**Basis of Accounting** - The accompanying financial statements of The Lamp Foundation, Inc. have been prepared on the modified cash basis of accounting. The modified cash basis differs from generally accepted accounting principles in the United States of America primarily because revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

**Adoption of New Accounting Pronouncement** -For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, Not for Profit Entities – Presentation of Financial Statements of Not-for-Profit Entities. This update addresses the complexity and understanding of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. The changes required by the update have been applied retrospectively to 2017.

**Financial Statement Preparation** - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at the Board's discretion; net assets with donor restrictions, which represent resources restricted by donors as to purpose or by the passage of time, or resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization does not have any net assets with donor restrictions.



THE LAMP FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued***

**Use of Estimates** - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - Cash, certificates of deposit and other highly liquid investments purchased with original maturities of three months or less are considered to be cash equivalents.

**Investments** - The Organization carries investments in equities with readily determinable fair values and all debt instruments are recorded at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of support, revenue and expenses - modified cash basis.

**Comparative Financial Information** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

**Donated Services** - Contributions of noncash goods are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 \$736,799 in noncash contributions in the form of medical supplies and equipment for the year ended December 31, 2018. The noncash contributions are recorded as contribution income and related expense in the statement of support, revenue and expenses - modified cash basis.

**Allocated Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Salary expenses for the executive director are stated to be allocated at 75% to program and 25% to management and general. Fundraising consists of 100% of the expenses for events, printing expense, postage and shipping and the fundraiser's salary. The management expenses are allocated 100% for insurance, office expense, professional fees and license and permits. The remaining expenses all are allocated 100% to program.

THE LAMP FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued***

**Income Taxes** - The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an Organization that is not a private foundation under Section 509(a) (2).

**Property and Equipment** - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. The Organization's capitalization policy is to capitalize amounts spent for the purchase and construction of new fixed assets or to replace old ones, or to expand and modernize long-term operating assets.

**Revenue Recognition** - Revenue is recognized when received.

**Fair Value of Financial Instruments** - Fair Value Measurements defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and enhances disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework measuring fair value includes a hierarchy that prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1- Fair value is based on unadjusted quoted prices in active markets that are accessible to the Organization for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available.

Level 2- Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3- Fair value is based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

THE LAMP FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**2. ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES**

The preparation of the financial statements in conformity with the modified cash basis of accounting requires the Organization to report information regarding its exposure to various tax positions taken. Management has performed their evaluation and believes there are no unrecognized tax positions that are required to be disclosed.

The Organization's policy is to classify income tax related interest and penalties, if any, in interest expense and other expenses, respectively.

**3. COMMITMENTS AND CONTINGENCIES**

The Organization's operations are run abroad in Haiti. Accordingly, the Organization has employees that are paid to run the operations located there. The Organization has not yet concluded its registration with the taxing authority in Haiti and is currently not paying payroll taxes on the amounts paid to its employees abroad. However, the Organization is currently in the process of the registration process and their documents are being reviewed by the Haitian government.

It is reasonably possible that the taxing authority in Haiti may require the Organization to begin remitting payroll taxes. In addition, they may require that the Organization pay back taxes for prior periods, including the period covered by the accompanying financial statements. Management estimates that the maximum amount of taxes due for past years is approximately \$42,000.

**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of the following:

Business checking	\$ 261,289
Savings	<u>1,582</u>
Total cash	<u>\$ 262,871</u>

**5. NET ASSETS WITH OUT DONOR RESTRICTIONS REVENUE AND SUPPORT**

Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. If donor support is restricted to a specific purpose, the revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a purpose or time restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses – modified cash basis as net assets released from restrictions.

THE LAMP FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

**6. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors:

Purpose restrictions accomplished:	
Women's Clinic	<u>\$ 51,651</u>

**7. INVESTMENTS**

Investments consist of the following at close December 31, 2018:

Cash and cash equivalents	\$ 43
Equities	<u>12,973</u>
	<u>\$ 13,016</u>

The Organization measures its investments on a recurring basis at fair value. These items were measured as of December 31, 2018 using the following inputs:

	Quoted Prices in Active Market <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Assets:			
Money market	\$ 43	\$ -	\$ -
Marketable equity securities	<u>12,973</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,016</u>	<u>\$ -</u>	<u>\$ -</u>

Marketable equity securities are valued at the closing price reported on the active market on which the individual securities are traded which are considered Level 1 inputs.

The carrying amount of money market funds approximate fair value at year-end.

Organization did not have any Level 2 and Level 3 assets during the year ended December 31, 2018.

THE LAMP FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

8. ***LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS***

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 262,871
Investments	<u>13,016</u>
	<u>\$ 275,887</u>

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts from revenue items.

9. ***DATE OF MANAGEMENT REVIEW***

Management has evaluated subsequent events and transactions through, November 15, 2019, which is the date on which the financial statements were available to be issued. No events or transactions that require disclosure or recognition were identified.