

**Lighthouse Café, Inc.**

**Independent Auditors' Report  
and  
Financial Statements**

**For the Year Ended December 31, 2023**

**Lighthouse Café, Inc.**  
**For the Year Ended December 31, 2023**

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## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders  
Lighthouse Café, Inc.  
Key Biscayne, Florida

### **Opinion**

We have audited the accompanying financial statements of Lighthouse Café, Inc. (a Florida corporation), which comprise the balance sheet as of December 31, 2023, and the related statements of income, retained earnings, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Café, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lighthouse Café, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lighthouse Café, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lighthouse Café, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Lighthouse Café Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Cassells & Associates, CPA, P.A.  
Certified Public Accountants  
Miramar, Florida  
May 30, 2024

**Lighthouse Cafe, Inc.**  
**Balance Sheet**  
**For the Year Ended December 31, 2023**

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash (Note 1)	\$ 1,337,418
Cash - Restricted For Capital Improvements (Note 1)	279,602
Inventory	<u>95,168</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,712,188</u>
<b>PROPERTY AND EQUIPMENT</b>	
Property and Equipment	852,064
Less Accumulated Depreciation (Note 2)	<u>(397,784)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>454,280</u>
<b>OTHER ASSETS</b>	
Intangible Assets (Note 3 )	174,092
Loan to Shareholder	61,313
Prepaid Expenses	10,120
Deposit	<u>7,190</u>
<b>TOTAL OTHER ASSETS</b>	<u>252,715</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,419,183</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>	
Accounts Payable	96,108
Sales Tax Payable	48,304
Concession Commission and Tourist Tax Payable	4,889
Loan Payable, Current Portion (Note 5)	<u>45,260</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 194,561</u>
<b>LONG-TERM LIABILITIES</b>	
Loan Payable, Long Term Portion (Note 5)	<u>\$ 37,702</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>\$ 37,702</u>
<b>STOCKHOLDER'S EQUITY</b>	
Common Stock, \$1.00 Par Value, 100 Shares	
Authorized; Issued and Outstanding	\$ 100
Retained Earnings	<u>2,186,820</u>
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<u>\$ 2,186,920</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<u><u>\$ 2,419,183</u></u>

The Accompanying Notes are An Integral Part of These Financial Statements

**Lighthouse Cafe, Inc.**  
**Statement of Income and Retained Earnings**  
**For the Year Ended December 31, 2023**

Concession Income (Note 4)	\$ 7,025,743
Non Taxable Income	21,599
Other Income	<u>27,261</u>
Total Income	7,074,603
Less: Cost of Sales	<u>(2,193,370)</u>
Gross Revenue	\$ 4,881,233
General and Administrative Expenses	<u>(4,473,873)</u>
Net Income (Loss) From Operations	\$ 407,360
Other (Expenses) Income	
Interest Expense	\$ (8,739)
Interest Income	1,018
Depreciation	<u>(30,852)</u>
Total Other (Expenses) - Net	<u>\$ (38,573)</u>
Net Income (Loss), Before Provision for Income Taxes	\$ 368,787
Provision for Income Taxes	
Federal & State Income Taxes	<u>(101,265)</u>
Provision for Income Taxes	<u>(101,265)</u>
Net Income (Loss), After Provision for Income Taxes	\$ 267,522
Retained Deficits - Beginning of Year	<u>\$ 1,919,298</u>
Retained Earnings - End of Year	<u><u>\$ 2,186,820</u></u>

The Accompanying Notes are An Integral Part of These Financial Statements

**Lighthouse Cafe, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Income (Loss)	\$ 267,522
Adjustments to Reconcile Net Income (Loss) to Net Cash	
Provided by (Used) by Operating Activities:	
Depreciation	30,852
(Increase) Decrease in:	
Inventory	(12,666)
Prepaid Expense	(10,120)
Other Assets	(1,607)
Increase (Decrease) in:	
Sales Taxes Payable	(143)
Commission Payable	(68,451)
Accounts Payable and Accrued Expenses	<u>(252,616)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES \$ (47,229)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase on Property & Equipment (74,124)

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES \$ (74,124)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Repayment of Note Payable \$ (42,277)

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES \$ (42,277)

NET INCREASE (DECREASE) IN CASH \$ (163,630)

CASH AT THE BEGINNING OF YEAR \$ 1,780,650

CASH AT END OF YEAR, Including Restricted Cash \$ 1,617,020

**Supplemental Information:**

Interest Paid \$ 8,739

The Accompanying Notes are An Integral Part of These Financial Statements



**Lighthouse Café, Inc.**  
**Note to the Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following are the significant accounting and reporting policies applied by Lighthouse Café, Inc. (the "Company"), which conforms with generally accepted accounting principles and to general practices within the restaurant industry.

In February 2000, the Company established a new segment of its operation called Boaters Grill, which is a D/B/A of Lighthouse Café, Inc.

In January 2021, the Company opened a new segment of its operation called The Cleat @ Boaters Grill, which is a D/B/A of Lighthouse Café, Inc.

**Nature of Operations:**

The Company was incorporated under the laws of the State of Florida on September 6, 1995, and commenced operations on September 28, 1995. The Company has a concession agreement with the Florida Department of Environmental Protection (the "Department") to provide sales of foods, beverages, and gifts to the general public at Bill Baggs Cape Florida State Recreation Area.

The Company operates a restaurant and a gift shop. Rentals of umbrellas and recreational equipment are provided by subcontractors.

**Furniture, Equipment and Leasehold Improvements:**

Furniture, equipment, and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the five years estimated useful lives of the related assets.

Maintenance and repairs are charged to operations as incurred, while improvements are capitalized.

**Income Taxes:**

Income Tax expense is based on pre-tax financial accounting income and includes, if applicable, deferred income taxes for the effects of timing differences between financial accounting and taxable earnings. These differences resulted principally from the accelerated depreciation method used for income tax purposes.

**Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

**Cash and Cash Equivalents:**

Cash and equivalents consist of cash in commercial bank accounts and certificates of deposits with a maturity date of three months or less (if any).

**Restriction on Cash:**

The Company is required to maintain reserve funds on deposit with a financial institution for the purpose of capital improvements. The Restricted cash is funded by the Company with a monthly deposit based on 1.5% of monthly sales. For the year ended December 31, 2023, the required reserves deposit was \$105,245. At December 31, 2023, the cash reserve account balance was \$279,602.



**Lighthouse Café, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Concentration of Credit Risk:**

The Company occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. At December 31, 2023, cash in excess of the federal insured limit was \$1,095,677.

**NOTE 2 - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Furniture, equipment, and leasehold improvements at December 31, 2023, are summarized as follows:

Machinery & Equipment	\$ 413,581
Building & Building Improvements	250,527
Furniture Fixtures & Office Equipment	62,623
Auto	125,333
Total Fixed Assets	\$ 852,064
Less Accumulated Depreciation	<u>(397,784)</u>
Total Furniture, Equipment, and Improvements, Net of Accumulated Depreciation	<u>\$ 454,280</u>

Depreciation expenses for the year ended December 31, 2023, totaled \$30,852.

**NOTE 3 - INTANGIBLE ASSETS**

On May 17, 2019, the Company acquired a liquor license. The aggregate purchase price was \$174,092.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

Effective September 1, 2015, The Company renewed its *Visitor Service Agreement* (the "Agreement") with the State of Florida Department of Environmental Protection (the "Department") for the exclusive operation of concession and rental activities at *Bill Baggs Cape Florida State Park* (the "Park").

The new agreement calls for the Lighthouse Café, Inc. to pay the Department as compensation for this agreement, a monthly commission equal to 13% of total gross sales for all its operations on behalf of the Park but not less than \$325,000 annually; plus, a modular rental site fee of \$100 per month.

The agreement has an expiration date of September 30, 2025, and may be extended, by written agreement between the parties.

For the year ended December 31, 2023, the total gross sales amounted to \$7,025,743 resulting in compensation to the Department of \$914,517 for commission including \$1,200 in modular rental site fee.

**Lighthouse Café, Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**NOTE 5 - DEBT**

The Company's obligation under long-term debt as follows:

\$256,000 Note Payable, dated April 23, 2018, and secured by personal guarantee of the shareholder. The repayment schedule consists of 12 monthly consecutive payments, beginning May 23, 2018, of interest only calculated on the unpaid principal balance at an interest rate of 6.76% per annum. Followed by 60 monthly payments of interest and principal of \$5,053. The note matures on April 23, 2024.	
	\$19,924
\$47,697 Auto Loan Payable, dated December 10, 2023, and secured by the auto. The repayment schedule consists of 48 monthly payments of \$1,211 including interest at 10.49%. Monthly payments begin on January 10, 2024, The loan matures on December 10, 2027.	
	\$47,697
\$122,000 Note Payable, dated May 17, 2019, and is secured by personal guarantee of the shareholders and the liquor license acquired with note. The repayment schedule consists of 60 monthly consecutive payments, beginning July 1, 2019, of principal and interest payment of \$2,637 calculated on the unpaid principal balance at an interest rate of 10.75% per annum. The note matures on June 1, 2024.	
	\$15,341
Total Note Payable	\$82,962
Less Current Portion	(45,260)
Total Note Payable, Long-Term Portion	\$37,702

The following is a summary of principal maturities of long-term debt during the next five years, ending December 31:

2024	\$45,260
2025	11,095
2026	12,146
2027	14,461
Thereafter	-
Total	\$82,962

Interest paid for the year ended December 31, 2023, was \$8,739.

**NOTE 6 - UNCERTAIN TAX POSITIONS**

Income Tax expense is based on pre-tax financial accounting income and includes, if applicable, deferred income taxes for the effects of timing differences between financial accounting and taxable earnings. These differences resulted principally from the accelerated depreciation method used for income tax purposes. The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**NOTE 7 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 30, 2024, the date on which the financial statements were available to be issued.



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**INDEPENDENT AUDITORS' REPORT**  
**ON ADDITIONAL INFORMATION**

To the Shareholders  
Lighthouse Café, Inc.  
Key Biscayne, Florida

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of General and Administrative Expense are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedure, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule and other supplemental schedule are fairly stated in all material respects in relation to the financial statements taken as a whole.

*Cassells & Associates, CPA, P.A.*

Cassells & Associates, CPA, P.A.  
Certified Public Accountants  
Miramar, Florida  
May 30, 2024

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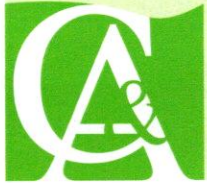
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**Lighthouse Cafe, Inc.**  
**Schedule of General and Administrative Expenses**  
**For the Year Ended December 31, 2023**

Personnel Cost	\$ 1,819,519
State Commission and Modular Rental Site Fee	914,517
Contract Services	750,149
Commission	388,042
Licenses and Taxes	2,224
Occupancy Cost	104,615
Office Expenses	171,196
Cleaning, Repairs and Maintenance	98,295
Professional Services	60,154
Auto Expenses	72,951
Insurance	49,199
Telephone	38,097
Advertising	4,915
	<hr/>
Total General and Administrative Expenses	<u><u>\$ 4,473,873</u></u>

See Independent Auditor's Report on Additional Information



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## REPORT ON COMPLIANCE WITH MINIMUM ACCOUNTING REQUIREMENTS

To the Shareholders  
Lighthouse Café, Inc.  
Key Biscayne, Florida

We have audited the financial statements of Lighthouse Café, Inc. (the "Company") as of and for the year ended December 31, 2023, and have issued our report thereon dated May 30, 2024.

In addition, we have examined management's assertions about Lighthouse Café, Inc's accurate reporting of gross sales and compliance with the requirements contained in the Florida Department of Environmental Protection concession agreement for the year ended December 31, 2023. Management is responsible for Lighthouse Café, Inc's accurate reporting and compliance with those requirements. Our responsibility is to express an opinion on management's assertions about Lighthouse Café, Inc's reporting and compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining evidence about Lighthouse Café, Inc's accurate reporting and its compliance with those requirements, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provided a reasonable basis for our opinion. Our examination does not provide a legal determination of Lighthouse Café, Inc's accurate reporting or its compliance with specified requirements.

In our opinion, management's assertions that Lighthouse Café, Inc. accurately reported gross sales and complied with the requirements of the Florida Department of Environmental Protection's concession agreement for the year ended December 31, 2023, are fairly stated in all material respects.

This report is intended solely for the information and use of the shareholders of Lighthouse Café, Inc. and the Florida Department of Environmental Protection and is not intended to be and should not be used by anyone other than those specified parties.

*Cassells & Associates, CPA, P.A.*

Cassells & Associates, CPA, P.A.  
Certified Public Accountants  
Miramar, Florida  
May 30, 2024

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