



**LIGHTHOUSE COVENANT CHURCH  
2019 FINANCIAL STATEMENTS**

**Lighthouse Covenant Church  
Balance Sheet  
December 31, 2019 and 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,729,292	\$ 2,303,291
Restricted cash	250,815	172,676
Accounts Receivable	75,574	59,665
Prepaid Expenses	4,875	0
Inventory	0	12,572
Security Deposits	26,441	26,441
<b>TOTAL CURRENT ASSETS</b>	<b>3,086,997</b>	<b>2,574,645</b>
LESASEHOLD IMPROVEMENTS, EQUIPMENT, FIXTURES, net	2,451,476	2,260,668
<b>TOTAL ASSETS</b>	<b>\$ 5,538,473</b>	<b>\$ 4,835,313</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 27,033	\$ 13,980
Accrued expenses and other liabilities	93,188	71,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>120,221</b>	<b>84,980</b>
 <b>NET ASSETS</b>	 5,418,252	 4,750,333
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,538,473</b>	<b>\$ 4,835,313</b>

**Lighthouse Covenant Church**  
**Statement of Activities**  
**Year Ended December 31, 2019**  
**(with comparative summarized information for the year ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT		
Tithes and Offerings	\$ 4,744,958	\$ 4,108,395
Benevolence	146,533	57,665
Missions	67,525	56,868
Campus Expansion	62,600	107,643
Other revenue	66,760	32,761
TOTAL REVENUE AND SUPPORT	<u>5,088,376</u>	<u>4,363,332</u>
EXPENSES		
Ministry	2,597,648	1,797,493
Facility	715,455	677,713
General and administrative	374,581	276,423
Campus Expansion	236,456	43,544
Missions	116,452	85,427
Benevolence	59,653	50,696
Depreciation and amortization	320,212	282,825
TOTAL EXPENSES	<u>4,420,457</u>	<u>3,214,121</u>
CHANGE IN UNRESTRICTED NET ASSETS	667,919	1,149,211
NET ASSETS, BEGINNING OF YEAR	<u>4,750,333</u>	<u>3,601,122</u>
NET ASSETS, END OF YEAR	<u>\$ 5,418,252</u>	<u>\$ 4,750,333</u>

**Lighthouse Covenant Church  
Statement of Cash Flows  
Year Ended December 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 667,919
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	320,212
(Increase) decrease in:	
Accounts receivable	(15,909)
Inventory	12,572
Prepaid Expenses	(4,875)
Security deposits and restricted cash	(78,138)
Increase (decrease) in:	
Accounts Payable and accrued expenses	<u>35,241</u>
<b>CASH FLOW FROM OPERATIONS</b>	<b>937,022</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of leasehold improvements, equipment and fixtures	<u>(511,021)</u>
<b>INCREASE IN CASH</b>	<b>426,001</b>
<b>CASH, BEGINNING OF YEAR</b>	<u><b>2,303,291</b></u>
<b>CASH, END OF YEAR</b>	<u><u><b>\$ 2,729,292</b></u></u>

**Lighthouse Covenant Church**  
**Notes to Financial Statements**

1. **ORGANIZATION AND PURPOSE**

The Lighthouse Covenant Church (the Church) operates as a non-stock, not-for-profit religious corporation organized in the State of Maryland. The Church operates as Simple Church Simply Jesus with the primary mission of following the Great Commission of Jesus Christ by reaching the lost and making disciples. The Church is supported through contributions from the congregation which is concentrated in Central Maryland and Maryland's Eastern Shore.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting:** The accompanying 2019 and 2018 financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

**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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition:** All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Contributions that are restricted by the donor are reported as unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Tithes and offerings are recognized as revenue when received.

**Donated Services:** In 2019, no donated services were recorded. Numerous unpaid volunteers have made significant contributions of their time to assist the Church in achieving its mission. The value of this contributed time is not reflected in these financial statements since it does not meet recognition criteria.

**Lighthouse Covenant Church**  
**Notes to Financial Statements**

**Property and Equipment:** Donated assets are recorded at their fair value on the date of the gift, and other assets are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life while amortization of leasehold improvements is amortized straight-line over the lease term. The Church capitalizes all property and equipment with a cost of \$5,000 or more.

**Income Taxes:** The Church is generally exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Church has been determined by the Internal Revenue Service not to be a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. During the year ended December 31, 2019, the Church had no taxable unrelated business income, and accordingly, no provision for income taxes is required in the accompanying financial statements.

**3. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Salaries and benefits of program employees have been directly charged to the related Ministry.

**4. LEASEHOLD IMPROVEMENTS, EQUIPMENT AND FURNITURE AND FIXTURES**

Leasehold Improvements, Equipment and Furniture and Fixtures and accumulated depreciation/amortization at December 31, 2019, were as follows:

Leasehold Improvements	\$	2,652,858
Equipment		538,643
Furniture and Fixtures		22,721
Total		3,214,222
Accumulated Depreciation/Amortization		(762,746)
Total - Net	\$	2,451,476

Depreciation and amortization expense totaled \$320,212 for the year ended December 31, 2019.

**Lighthouse Covenant Church**  
**Notes to Financial Statements**

**5. LEASES**

The Church leases office and worship space pursuant to a long-term operating lease agreement expiring on November 30, 2026. The agreement includes provisions for the payment of utilities, insurance, taxes and maintenance costs in addition to the rent. Additionally, the Church must pay to the landlord its proportional share of operating costs which equals 4% of the base rent annual.

The Church also rents worship space from Anne Arundel County Public Schools that is renewable on an annual basis and rents parking space from Sage Platt that is renewable on an annual basis. Total rent expense under these operating lease agreements was \$576,204 for the year ended December 31, 2019.

Future minimum lease payments required under the longer-term operating lease during the next five years ending December 31, 2024 are as follows:

December 31, 2020	378,660
2021	389,460
2022	400,512
2023	412,044
2024	423,824

During 2019 the Church began to rent space from the Episcopal Diocese of Maryland and the Christian Athletic Association for the new Catonsville Campus and from Queen Anne's County Public Schools for the new Centreville campus. These three leases are renewable annually and during 2019 the Church incurred \$64,449 in rent which is included in Campus Expansion on the Statement of Activities.