



**LIGHTHOUSE COVENANT CHURCH
2020 FINANCIAL STATEMENTS**

**Lighthouse Covenant Church
Balance Sheet
December 31, 2020 and 2019**

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	\$ 3,370,470	\$ 2,804,275
Cash - Restricted	287,966	251,290
Accounts Receivable	43	116
Prepaid Expenses	1,303	4,875
Security Deposits	26,441	26,441
TOTAL CURRENT ASSETS	3,686,223	3,086,997
 LESASEHOLD IMPROVEMENTS, EQUIPMENT, FIXTURES, net	 2,474,390	 2,451,476
 TOTAL ASSETS	 \$ 6,160,613	 \$ 5,538,473

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 5,582	\$ 27,033
Accrued Expenses and Other Liabilities	116,550	93,188
TOTAL CURRENT LIABILITIES	122,132	120,221
 NET ASSETS	 6,038,481	 5,418,252
 TOTAL LIABILITIES AND NET ASSETS	 \$ 6,160,613	 \$ 5,538,473

Lighthouse Covenant Church
Statement of Activities
Year Ended December 31, 2020
(with comparative summarized information for the year ended December 31, 2019)

	2020	2019
REVENUE AND SUPPORT		
Tithes and Offerings	\$ 4,821,805	\$ 4,744,958
Benevolence	107,830	146,533
Other	36,203	196,885
TOTAL REVENUE AND SUPPORT	4,965,838	5,088,376
 EXPENSES		
Ministry	2,814,450	2,597,648
Facility	668,306	715,455
General and Administrative	233,955	374,581
Missions	116,463	116,452
Benevolence	110,919	59,653
Campus Expansion	0	236,456
Depreciation and Amortization	401,516	320,212
TOTAL EXPENSES	4,345,609	4,420,457
 CHANGE IN NET ASSETS	620,229	667,919
 NET ASSETS, BEGINNING OF YEAR	5,418,252	4,750,333
 NET ASSETS, END OF YEAR	\$ 6,038,481	\$ 5,418,252

**Lighthouse Covenant Church
Statement of Cash Flows
Year Ended December 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	\$	620,229
Adjustments to reconcile increase in Net Assets to Net Cash provided by Operating Activities:		
Depreciation and Amortization		401,516
(Increase) Decrease in:		
Accounts Receivable		73
Prepaid Expenses		3,572
Restricted Cash		(36,676)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses		1,911

CASH FLOW FROM OPERATIONS **990,625**

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Leasehold Improvements, Equipment and Fixtures		(424,430)
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INCREASE IN CASH **566,195**

CASH, BEGINNING OF YEAR **2,804,275**

CASH, END OF YEAR **\$ 3,370,470**

Lighthouse Covenant Church
Notes to the 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 2020 and 2019 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.

Donated Services: In 2020, 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.

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.

Lighthouse Covenant Church
Notes to the Financial Statements

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, 2020, 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 as of December 31, 2020, were as follows:

Leasehold Improvements	\$	2,729,103
Equipment		886,829
Furniture and Fixtures		<u>22,721</u>
Total		<u>3,638,653</u>
Accumulated Depreciation/Amortization		<u>(1,164,263)</u>
Total - Net	\$	<u><u>2,474,390</u></u>

Depreciation and amortization expense totaled \$401,516 for the year ended December 31, 2020.

Lighthouse Covenant Church
Notes to the Financial Statements

5. LEASES

The Church leases office and worship space pursuant to a long-term operating lease agreement expiring on April 30, 2027. 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. Total rent expense under this operating lease agreement was \$499,262 for the year ended December 31, 2020.

Future minimum lease payments required under the longer-term operating lease during the next five years ending December 31, 2025 are as follows:

December 31, 2021	393,144
2022	404,196
2023	415,968
2024	427,752
2025	440,268