LIGHTHOUSE CHRISTIAN MINISTRIES
BALANCE SHEET
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JULY 31, 2013

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BLANKENSHIP CPA GROUP, PLLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Elders and Management
of Lighthouse Ministries

Report on Financial Statements

We have audited the accompanying balance sheet of Lighthouse Ministries (a Tennessee corporation), as of July 31, 2013, and the related notes.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Ministry's preparation and fair presentation of the financial statement 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 statement.

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

Opinion

In our opinion, the balance sheet referred to above present fairly, in all material respects, the financial position of Lighthouse Ministries as of July 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

July 15, 2016

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LIGHTHOUSE MINISTRIES
BALANCE SHEET
JULY 31, 2013

ASSETS

		2013
CURRENT ASSETS		
Cash	$	791,198
Accounts receivable, less allowance for doubtful accounts of $228,197		113,968
Prepaid expenses		17,855
Total Current Assets		923,021
PROPERTY AND EQUIPMENT, NET		3,511,721
OTHER ASSETS		
Construction in progress		1,050,031
TOTAL ASSETS	$	5,484,773

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	39,493
Deferred revenue		296,900
Current portion of long term debt		65,021
Total Current Liabilities		401,414
LONG TERM DEBT		609,738
NET ASSETS, UNRESTRICTED		4,473,621
TOTAL LIABILITIES AND NET ASSETS	$	5,484,773

The accompanying notes are an integral part of this financial statement.

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Lighthouse Ministries, Inc. (the "Ministry") was founded in 1978 to reach the Antioch community with the good news of Jesus Christ. The Ministry is a religious organization whose activities are supported by charitable contributions of its members.

The Ministry also operates a School (Lighthouse Christian School, the "School") for the purpose of offering a quality, affordable Christ-centered education from Pre-School through the 12th grade. The school is a category II State Agency approved and is accredited by TACS (Tennessee Association of Christian Schools) every five years. All teachers are also certified by TACS.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of a financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Revenue Recognition

Revenues and related assets are generally recognized when earned. Any amounts received but unearned are recorded as deferred revenue. Substantially all deferred revenue is related to prepaid tuition fees received by the School.

Cash

The Ministry defines cash as cash on hand and deposits at financial institutions. Cash on deposit at financial institutions may, at times, exceed federally insured limits. The Ministry has not experienced any losses in such accounts and management believes the Ministry is not exposed to any significant credit risk related to cash.

Accounts Receivable

Accounts receivable consist primarily of amounts due for tuition and are non-interest bearing. The Ministry provides for losses on accounts receivable using the allowance method. It is the Ministry's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment and Depreciation

Equipment is reported at cost and includes improvements that significantly add to utility or extend useful lives. Costs of maintenance and repairs are charged to expense when paid. Depreciation is computed over the estimated useful lives of the related assets using the straight line method. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in activities for the period. A gain on trade-in is applied to reduce the cost of the new acquisition.

Income Taxes

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

Accounting principles generally accepted in the United States of America require the Ministry's management to evaluate tax positions taken by the Ministry and recognize a tax liability (or asset) if the Ministry has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Ministry's management has analyzed the tax positions taken by the Ministry and has concluded that as of July 31, 2013 no uncertain positions were taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statement. The Ministry is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Net Assets

The Ministry is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition the Ministry is required to present a statement of cash flows. As of July 31, 2013 the Ministry did not have any temporarily or permanently restricted net assets.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment in the accompanying financial statement is presented net of accumulated depreciation. The Ministry capitalizes equipment with a cost over $1,000 and an estimated life of three years or more. Property and equipment at July 31, 2013 consisted of the following:

Vehicles	$ 90,761
Facility Improvements	326,094
Land	412,000
Furniture	576,108
Buildings	4,480,102
	5,885,065
Accumulated depreciation	(2,373,344)
Total	$ 3,511,721

NOTE 4 - LONG-TERM DEBT

As of July 31, 2013 long-term debt consisted of the following items:

Installment note payable to a financial institution, due in monthly payments of $6,247 with a 3.90% interest rate due June of 2018. The note is collateralized by property and equipment.	$ 605,804
Installment note payable to a financial institution, due in monthly payments of $1,313 with a 4.75% interest rate due June of 2018. The note is collateralized by property and equipment.	68,955
	674,759
Less current portion	(65,021)
	$ 609,738

The principal maturities of long-term debt at July 31, 2013 are as follows:

Year ended	
2014	$ 65,021
2015	67,715
2016	70,523
2017	73,446
2018	398,052
	$ 674,757

NOTE 5 - DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through July 15, 2016, the date which the financial statement was available to be issued.