

**LAKE AURORA CHRISTIAN ASSEMBLY, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2020**

**LAKE AURORA CHRISTIAN ASSEMBLY, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2020**

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The Board of Directors  
Lake Aurora Christian Assembly, Inc.  
Lake Wales, FL

Management is responsible for the accompanying financial statements of Lake Aurora Christian Assembly, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial states.

Lake Wales, Florida  
January 21, 2021

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

|                            | <u>2020</u>         |
|----------------------------|---------------------|
| <u>ASSETS</u>              |                     |
| Cash and cash equivalents  | \$ 150,331          |
| Accounts receivable        | 10,678              |
| Prepaid expenses           | 17,377              |
| Prepaid supplies           | 26,287              |
| Net property and equipment | 2,438,952           |
| Total assets               | <u>\$ 2,643,625</u> |

LIABILITIES AND NET ASSETS

|                                  |                     |
|----------------------------------|---------------------|
| <u>Liabilities</u>               |                     |
| Accounts payable                 | \$ 109,883          |
| Deposits held                    | 26,467              |
| Accrued expenses                 | 8,247               |
| Annuities payable                | 11,444              |
| Line of credit                   | 893                 |
| Capital lease obligation         | 11,995              |
| Total liabilities                | <u>168,929</u>      |
| <u>Net Assets</u>                |                     |
| Without donor restrictions       | 2,228,506           |
| With donor restrictions          | 246,190             |
| Total net assets                 | <u>2,474,696</u>    |
| Total liabilities and net assets | <u>\$ 2,643,625</u> |

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2020

|   | 2020                          |                            |                     |
|---|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>Public Support and Revenue</b>                                   |                               |                            |                     |
| Retreat housing   | \$ 275,031                    | -                          | \$ 275,031          |
| Contributions   | 333,327                       | 171,355                    | 504,682             |
| Summer camp   | 122,263                       | -                          | 122,263             |
| Lake Aurora programs  | 51,602                        | -                          | 51,602              |
| Rental income   | 5,640                         | -                          | 5,640               |
| Concessions (less expenses of \$20,841)                             | (5,012)                       | -                          | (5,012)             |
| Fruit sales   | 35,103                        | -                          | 35,103              |
| Other income  | 11,500                        | -                          | 11,500              |
| Loss on assets scrapped   | (32,465)                      | -                          | (32,465)            |
| <b>Total public support and revenue</b>                             | <b>796,989</b>                | <b>171,355</b>             | <b>968,344</b>      |
| <b>Expenses</b>   |                               |                            |                     |
| Program services:   |                               |                            |                     |
| Food services   | 236,699                       | -                          | 236,699             |
| Programming/guest relations   | 327,345                       | -                          | 327,345             |
| Accommodations  | 285,386                       | -                          | 285,386             |
| Support services:   |                               |                            |                     |
| Management and general  | 178,947                       | -                          | 178,947             |
| Fundraising   | 9,804                         | -                          | 9,804               |
| <b>Total expenses</b>   | <b>1,038,181</b>              | <b>-</b>                   | <b>1,038,181</b>    |
| <b>Excess (deficit) of public support and revenue over expenses</b> | <b>(241,192)</b>              | <b>171,355</b>             | <b>(69,837)</b>     |
| <b>Net Assets Released from Restrictions</b>                        |                               |                            |                     |
| Program services  | 12,459                        | (12,459)                   | -                   |
| Capital projects  | 64,228                        | (64,228)                   | -                   |
| Debt repayment  | 51,109                        | (51,109)                   | -                   |
| <b>Change in net assets</b>   | <b>(113,396)</b>              | <b>43,559</b>              | <b>(69,837)</b>     |
| <b>Net assets, beginning of year</b>                                | <b>2,341,902</b>              | <b>202,631</b>             | <b>2,544,533</b>    |
| <b>Net assets, end of year</b>                                      | <b>\$ 2,228,506</b>           | <b>\$ 246,190</b>          | <b>\$ 2,474,696</b> |

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

|                               | Program Services |                             |                | Supporting Services  |             | Total        |
|-------------------------------|------------------|-----------------------------|----------------|----------------------|-------------|--------------|
|                               | Food Services    | Program/<br>Guest Relations | Accommodations | Mgmt. and<br>General | Fundraising |              |
| Salaries                      | \$ 70,161        | \$ 168,667                  | \$ 145,967     | \$ 63,760            | \$ 7,508    | \$ 456,064   |
| Food service                  | 77,902           | -                           | -              | -                    | -           | 77,902       |
| Office expense                | 834              | 32,620                      | 16,838         | 44,809               | 1,632       | 96,733       |
| Facilities and related        | 39,621           | 40,104                      | 57,101         | 45,829               | 663         | 183,319      |
| Programming                   | -                | 18,545                      | -              | -                    | -           | 18,545       |
| Insurance                     | 7,896            | 32,864                      | -              | 319                  | -           | 41,079       |
| Depreciation and amortization | 39,486           | 34,545                      | 65,480         | 23,417               | -           | 162,928      |
| Interest                      | 799              | -                           | -              | 813                  | -           | 1,612        |
| Total functional expenses     | \$ 236,699       | \$ 327,345                  | \$ 285,386     | \$ 178,947           | \$ 9,804    | \$ 1,038,181 |

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2020

|   | <u>2020</u>       |
|---|-------------------|
| <b><u>Operating Activities</u></b>  |                   |
| Change in net assets  | \$ (69,837)       |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |
| Depreciation  | 162,928           |
| Amortization of debt issuance costs   | 450               |
| Loss on assets scrapped   | 32,465            |
| Decrease (increase) in:   |                   |
| Accounts receivable   | 47,996            |
| Prepaid expenses  | (2,942)           |
| Prepaid supplies  | (3,508)           |
| Increase (decrease) in:   |                   |
| Accounts payable  | 102,191           |
| Deposits held   | (3,640)           |
| Accrued expenses  | (1,631)           |
| Annuities payable   | (8,724)           |
|   | <u>255,748</u>    |
| Net cash provided by operating activities   | <u>255,748</u>    |
| <b><u>Investing Activities</u></b>  |                   |
| Purchase of property and equipment  | <u>(131,059)</u>  |
| Net cash used by investing activities   | <u>(131,059)</u>  |
| <b><u>Financing Activities</u></b>  |                   |
| Proceeds from line of credit  | 893               |
| Repayment of capital lease obligation   | (4,809)           |
| Repayment of note payable   | <u>(68,503)</u>   |
| Net cash used by financing activities   | <u>(72,419)</u>   |
| Net increase in cash and cash equivalents   | 52,270            |
| Cash and cash equivalents, beginning of year  | <u>98,061</u>     |
| Cash and cash equivalents, end of year  | <u>\$ 150,331</u> |
| <b><u>Supplemental Cash Flow Information</u></b>  |                   |
| Cash paid during the year for interest  | <u>\$ 1,612</u>   |

See accompanying notes to financial statements.

# LAKE AURORA CHRISTIAN ASSEMBLY, INC.

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020

### Organization and Activities

Lake Aurora Christian Assembly Inc., (the Assembly) is a nonprofit organization, under Chapter 617, Florida Statutes. The purpose of the Assembly is to establish and maintain a Christian assembly and service camp for the preaching and teaching of the Gospel as recorded in the Bible, and the conducting of scriptural, evangelical, and fundamental church teachings following the doctrines, regulations, requirements, and governing documents of the Churches of Christ (commonly known as the Christian Church).

A description of the activities conducted by the Assembly are:

**Summer Camp/Life Expeditions** - These are a series of graded summer camps for youth. Camps are usually held during an eight week period. A fee is charged to participants based on the actual costs associated with conducting the camps.

**Camp Sponsored Programs** - These represent a series of programs (Young at Heart, Men's and Women's Retreats, Father/Son and Mother/Daughter Retreat, High School Winter Retreat, etc.) targeting specific groups within the affiliated churches. A fee is charged to cover the costs associated with these events.

**Other Programs** - Other programs are not specifically planned or budgeted by the program committee or camp staff. A fee is charged to the group holding the program based on a schedule approved by the Assembly's trustees. The Assembly's office staff schedules these programs and organizes the support services the camp is to provide. Facilities are only available to those for which support services are also provided. In addition, only programs that support the Assembly's ministry purpose are accepted.

### Note A - Summary of Significant Accounting Policies

#### Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

**Net assets without donor restrictions** - Net assets available for use in general operations and not subject to donor restrictions. These net assets may be used at the discretion of the assembly's management and board of directors.

**Net assets with donor restrictions** - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.



LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED SEPTEMBER 30, 2020

Note A - Summary of Significant Accounting Policies - Continued

Use of Estimates

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Assembly considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Management periodically reviews accounts receivable for collectability. All of the accounts at the Statement of Financial Position date are considered by management to be collectible and no allowance for doubtful accounts is deemed necessary in order to present accounts receivable at net realizable value.

Property and Equipment

Property and equipment are recorded at cost if purchased, or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Lives generally range from five to ten years for vehicles, furniture, and equipment, and ten to forty years for buildings and improvements.

Expenditures for repairs necessary to maintain property and equipment in efficient operating condition are charged to operations. Expenditures which increase the useful lives of assets are capitalized.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If an asset is considered impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED SEPTEMBER 30, 2020

Note A - Summary of Significant Accounting Policies - Continued

Revenue Recognition

The Assembly records camp fees as “deposits held” until the related camp services are performed, at which time they are recognized as revenue.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Non-cash donations are recorded as support at their estimated fair values at the date of donation. The Assembly reports contributions of cash and other assets as restricted support if the donor stipulates a limited use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as *Net Assets Released From Restrictions*. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Assembly reports contributions of land, buildings, and equipment as support without donor restrictions unless explicit donor restrictions specify how donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Assembly reports expirations of donor restrictions when donated or acquired long-lived assets are placed in service as instructed by the donor.

Donated Services

A large number of people have contributed significant amounts of time to the activities of the Assembly without compensation. The financial statements do not reflect the value of those donated services except for construction costs and some equipment because, although clearly substantial, no objective basis exists for determining an appropriate amount to record. The Assembly pays for most services requiring specific expertise. The Assembly received 16,157 volunteer hours (unaudited) during the years ended September 30, 2020.

Functional Allocation of Expenses

The costs of providing the Assembly's various programs and activities are summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Assembly is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal and state income taxes on exempt income. In addition, the Assembly 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).

**LAKE AURORA CHRISTIAN ASSEMBLY, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED SEPTEMBER 30, 2020**

**Note A - Summary of Significant Accounting Policies**

**Income Taxes - Continued**

Although organizations exempt under Section 501(c)(3) pay no tax on their exempt function income, the Assembly can be liable for taxes on income they earn from activities not directly related to their exempt purpose. For the years ended September 30, 2020, management believes the Assembly engaged in no activities that were not related to their exempt purpose.

The Assembly follows Accounting Standards Codification (ASC) 740-10 as it relates to uncertain tax positions. When applicable, any interest and penalties recognized associated with a tax position are classified as current in the Assembly's financial statements.

Management has evaluated its tax positions taken for all open tax years. Currently, the 2017 - 2019 tax years are open and subject to examination by the Internal Revenue Service. The Assembly is not currently under audit, nor has it been contacted by the Internal Revenue Service. Based on the evaluation of the Assembly's tax positions, management believes all positions taken would be upheld under an examination.

**Date of Management Review**

Subsequent events were evaluated through January 21, 2021, which is the date the financial statements were available to be issued.

**Note B - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor restrictions limiting use, within one year of the balance of the balance sheet date, comprise of the following:

|                           | <u>2020</u>       |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 150,331        |
| Accounts receivable       | <u>10,678</u>     |
| Total                     | <u>\$ 161,009</u> |

As part of its liquidity management plan, the assembly invests cash in excess of daily requirements in short-term investment and interest bearing cash accounts.

**LAKE AURORA CHRISTIAN ASSEMBLY, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED SEPTEMBER 30, 2020**

**Note C - Property and Equipment**

At September 30, 2020, property and equipment consists of:

|                                | <u>2020</u>         |
|--------------------------------|---------------------|
| Land                           | \$ 1,139,853        |
| Buildings                      | 3,758,235           |
| Furniture and equipment        | 346,606             |
| Vehicles                       | 181,122             |
| Citrus Grove                   | <u>97,505</u>       |
| Total                          | 5,523,321           |
| Less: accumulated depreciation | <u>3,084,369</u>    |
| Property and equipment, net    | <u>\$ 2,438,952</u> |

**Note D - Line of Credit**

At September 30, 2020, the Assembly has a \$40,000 line of credit agreement with Citizens Bank & Trust of which, \$39,107 was available at September 30, 2020. For amounts borrowed, interest is payable monthly at a variable rate (6.00% at September 30, 2020), with principal due on demand. The line of credit is unsecured. The amount outstanding at September 30, 2020 was \$893.

**Note E - Annuities Payable**

At September 30, 2020, the Assembly has annuity agreements with four individuals. Pursuant to terms of agreements with these donors, the Assembly pays a fixed amount to them (approximately \$7,000 per year) over their remaining lives. At September 30, 2020, a liability of \$11,444, is recorded based on their life expectancies using a discount rate of 7.00%.

**Note F - Fair Value Measurements**

The Assembly estimates that the fair value of all financial instruments at September 30, 2020, do not differ materially from the aggregate carrying values recorded in the accompanying financial statements.

**LAKE AURORA CHRISTIAN ASSEMBLY, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**YEAR ENDED SEPTEMBER 30, 2020**

**Note G - Capital Lease Obligation**

The Assembly leases a copier under a non-cancelable lease that is classified as a capital lease that expires in December 2022. The lease agreement contains a fair market value purchase option at the end of the lease term.

Future minimum lease payments under capital leases are as follows:

| <b><u>Year Ending<br/>September 30,</u></b> | <b><u>Amount</u></b> |
|---|----------------------|
| 2021  | \$ 5,393             |
| 2022  | 5,393                |
| 2023  | 1,798                |
| 2024  | -                    |
| Total:                                      | 12,584               |
| Less: amount represent interest             | 589                  |
| Present value of lease payments             | <u>\$ 11,995</u>     |

**Note H - Net Assets with Donor Restrictions**

At September 30, 2020, net assets with donor restrictions are restricted for the following purposes:

|                                     | <b><u>2020</u></b> |
|-------------------------------------|--------------------|
| Property and equipment acquisitions | \$ 184,575         |
| Program services                    | 55,197             |
| Charitable gift annuity payments    | 6,418              |
| Total                               | <u>\$ 246,190</u>  |

**Note I - Retirement Plan**

The Assembly sponsors a defined contribution retirement plan (the Plan) covering all full-time employees of the Assembly. Participants may contribute to the Plan, one percent of their salary through salary reductions after the first year of employment. Allowable contributions increase by one percent per year of employment, up to a maximum total of five percent. The Assembly matches a portion of the participant contributions. The matching contributions made by the Assembly are \$8,370 for the years ended September 30, 2020.

**Note J - Significant Concentrations of Credit Risk**

The Assembly at times, maintains cash and cash equivalents above the amount covered by the Federal Deposit Insurance Corporation. September 30, 2020, all cash and cash equivalents are fully insured.