

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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Independent Auditor's Report

The Board of Directors
Lake Aurora Christian Assembly, Inc.

We have audited the accompanying financial statements of Lake Aurora Christian Assembly, Inc., which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 statements are free from material misstatement.

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

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 financial statements referred to above present fairly, in all material respects, the financial position of Lake Aurora Christian Assembly, Inc. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bunting, James J. III
Lake Wales, Florida
January 10, 2020

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 98,061	\$ 74,858
Accounts receivable	58,674	58,910
Prepaid expenses	14,435	10,408
Prepaid supplies	22,779	25,682
Net property and equipment	<u>2,503,286</u>	<u>2,633,215</u>
Total assets	<u>\$ 2,697,235</u>	<u>\$ 2,803,073</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable	\$ 7,692	\$ 23,695
Deposits held	30,107	34,014
Accrued expenses	9,878	7,753
Annuities payable	20,168	23,678
Notes payable less unamortized debt issuance costs	<u>84,857</u>	<u>319,536</u>
Total liabilities	<u>152,702</u>	<u>408,676</u>
<u>Net Assets</u>		
Without donor restrictions	2,341,902	2,199,079
With donor restrictions	<u>202,631</u>	<u>195,318</u>
Total net assets	<u>2,544,533</u>	<u>2,394,397</u>
Total liabilities and net assets	<u>\$ 2,697,235</u>	<u>\$ 2,803,073</u>

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Retreat housing	\$ 489,677	\$ -	\$ 489,677	\$ 576,860	\$ -	\$ 576,860
Contributions	270,851	192,528	463,379	271,550	183,802	455,352
Summer camp	384,933	-	384,933	372,312	-	372,312
Lake Aurora programs	74,906	-	74,906	68,057	-	68,057
Rental income	6,120	-	6,120	6,330	-	6,330
Concessions (less expenses of \$32,614 and \$28,613)	10,477	-	10,477	21,779	-	21,779
Fruit sales	39,733	-	39,733	27,876	-	27,876
Other income	7,590	-	7,590	2,138	-	2,138
Total public support and revenue	1,284,287	192,528	1,476,815	1,346,902	183,802	1,530,704
Expenses						
Program services:						
Food services	383,751	-	383,751	412,045	-	412,045
Programming/guest relations	422,737	-	422,737	412,813	-	412,813
Accommodations	264,588	-	264,588	299,401	-	299,401
Support services:						
Management and general	225,180	-	225,180	227,733	-	227,733
Fundraising	30,423	-	30,423	29,817	-	29,817
Total expenses	1,326,679	-	1,326,679	1,381,809	-	1,381,809
Excess (deficit) of public support and revenue over expenses	(42,392)	192,528	150,136	(34,907)	183,802	148,895
Net Assets Released from Restrictions						
Program services	33,244	(33,244)	-	40,232	(40,232)	-
Capital projects	1,984	(1,984)	-	29,449	(29,449)	-
Debt repayment	146,329	(146,329)	-	117,557	(117,557)	-
Annuity retirement	3,658	(3,658)	-	1,707	(1,707)	-
Change in net assets	142,823	7,313	150,136	154,038	(5,143)	148,895
Net assets, beginning of year	2,199,079	195,318	2,394,397	2,045,041	200,461	2,245,502
Net assets, end of year	\$ 2,341,902	\$ 202,631	\$ 2,544,533	\$ 2,199,079	\$ 195,318	\$ 2,394,397

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2019

	Program Services			Supporting Services			Total
	Food Services	Program/ Guest Relations	Accommodations	Mgmt. and General	Fundraising		
Salaries	\$ 99,781	\$ 231,853	\$ 123,986	\$ 80,709	\$ 17,767	\$	\$ 554,096
Food service	180,041	-	-	-	-	-	180,041
Office expense	1,417	35,957	17,356	71,370	11,978	-	138,078
Facilities and related	50,005	58,318	61,109	32,475	678	-	202,585
Programming	-	22,635	-	-	-	-	22,635
Insurance	7,541	38,295	-	3,192	-	-	49,028
Depreciation and amortization	39,221	35,679	62,137	31,290	-	-	168,327
Interest	5,745	-	-	6,144	-	-	11,889
Total functional expenses	\$ 383,751	\$ 422,737	\$ 264,588	\$ 225,180	\$ 30,423	\$	\$ 1,326,679

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED

YEAR ENDED SEPTEMBER 30, 2018

	Program Services			Supporting Services		Total
	Food Services	Program/ Guest Relations	Accommodations	Mgmt. and General	Fundraising	
Salaries	\$ 89,728	\$ 196,720	\$ 145,265	\$ 81,167	\$ 18,811	\$ 531,691
Food service	215,362	-	-	-	-	215,362
Office expense	845	32,899	19,570	68,529	10,208	132,051
Facilities and related	51,682	71,872	67,867	30,373	798	222,592
Programming	-	37,969	-	-	-	37,969
Insurance	7,752	37,577	-	2,482	-	47,811
Depreciation and amortization	40,038	35,776	61,346	34,088	-	171,248
Interest	6,638	-	5,353	11,094	-	23,085
Total functional expenses	\$ 412,045	\$ 412,813	\$ 299,401	\$ 227,733	\$ 29,817	\$ 1,381,809

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
<u>Operating Activities</u>		
Change in net assets	\$ 150,136	\$ 148,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	167,702	168,573
Amortization of debt issuance costs	450	2,674
Decrease (increase) in:		
Accounts receivable	236	(28,507)
Prepaid expenses	(4,027)	(5,520)
Prepaid supplies	2,904	(1,224)
Increase (decrease) in:		
Accounts payable	(16,003)	(1,454)
Deposits held	(3,907)	3,429
Accrued expenses	2,125	(781)
Annuities payable	(3,511)	(5,081)
Net cash provided by operating activities	296,105	281,004
<u>Investing Activities</u>		
Purchase of property and equipment	(37,773)	(36,713)
Net cash used by investing activities	(37,773)	(36,713)
<u>Financing Activities</u>		
(Repayments of) proceeds from line of credit	-	(24,272)
Repayment of notes payable	(235,129)	(219,492)
Net cash used by financing activities	(235,129)	(243,764)
Net increase in cash and cash equivalents	23,203	527
Cash and cash equivalents, beginning of year	74,858	74,331
Cash and cash equivalents, end of year	\$ 98,061	\$ 74,858
<u>Supplemental Cash Flow Information</u>		
Cash paid during the year for interest	\$ 11,889	\$ 23,085

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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 Statements 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 30,608 and 26,089 volunteer hours (unaudited) during the years ended September 30, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the Assembly's various programs and activities are summarized on a functional basis in the Statements of Activities. The Statements 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

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018, 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 2016 - 2018 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.

New Accounting Pronouncements

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Management has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

Date of Management Review

Subsequent events were evaluated through January 10, 2020, 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>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 98,061	\$ 74,858
Accounts Receivable	58,674	58,910
Total	<u>\$ 156,735</u>	<u>\$ 133,768</u>

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Note B - Liquidity and Availability - Continued

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.

Note C - Property and Equipment

At September 30, 2019 and 2018, property and equipment consists of:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,139,853	\$ 1,139,853
Buildings	3,672,993	3,648,683
Furniture and equipment	334,540	354,791
Vehicles	147,372	135,547
Citrus Grove	97,505	97,505
Construction in progress	32,465	32,465
	<hr/>	<hr/>
Total	5,424,728	5,408,844
Less: accumulated depreciation	2,921,442	2,775,629
	<hr/>	<hr/>
Property and equipment, net	\$ 2,503,286	\$ 2,633,215

Depreciation expense was \$167,702 and \$168,574 in 2019 and 2018, respectively.

Note D - Line of Credit

At September 30, 2019 and 2018, the Assembly has a \$40,000 line of credit agreement with Citizens Bank & Trust of which, \$40,000 was available at September 30, 2019 and 2018. For amounts borrowed, interest is payable monthly at a variable rate (6.25% at September 30, 2019), with principal due on demand. The line of credit is unsecured.

Note E - Annuities Payable

At September 30, 2019 and 2018, 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, 2019 and 2018, a liability of \$20,168 and \$23,678, respectively, 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, 2019 and 2018, 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

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Note G - Notes Payable

As of September 30, 2019 and 2018, notes payable consist of:

	2019	2018
Christian Financial Resources, Inc., payable \$4,648 monthly including interest at 4.90% through July 2023, collateralized by real estate.	\$ 68,503	\$ 239,602
Christian Financial Resources, Inc., payable \$3,298 monthly including interest at 4.90% through July 2023, collateralized by real estate.	-	59,585
Canon Financial Services, Inc., payable \$450 monthly including interest at 4.00% through December 2022, collateralized by Konica copier.	16,804	21,424
Total	85,307	320,611
Less: unamortized debt issuance costs	450	1,075
Notes payable less unamortized debt issuance costs	\$ 84,857	\$ 319,536

Year Ending September 30,	Amount
2020	\$ 58,437
2021	19,912
2022	5,226
2023	1,732
Total	\$ 85,307

Included in notes payable, is a capital lease for a copier with a cost of \$27,316 and accumulated amortization of \$13,658. Amortization of the asset is included in depreciation and amortization in the Statements of Activities.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED SEPTEMBER 30, 2019 AND 2018

Note H - Net Assets with Donor Restrictions

At September 30, 2019 and 2018, net assets with donor restrictions are restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Property and equipment acquisitions	\$ 150,871	\$ 154,779
Program services	45,341	30,462
Charitable gift annuity payments	<u>6,419</u>	<u>10,077</u>
Total	<u>\$ 202,631</u>	<u>\$ 195,318</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 \$9,334 and \$8,676 for the years ended September 30, 2019 and 2018, respectively.

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. At September 30, 2019 and 2018, all cash and cash equivalents are fully insured.