

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2021 AND 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 statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 compilation engagements 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 statements.

Lake Wales, Florida
July 15, 2022

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 494,887	\$ 150,331
Accounts receivable	25,732	10,678
Prepaid expenses	14,149	17,377
Prepaid supplies	22,798	26,287
Net property and equipment	<u>2,368,638</u>	<u>2,438,952</u>
Total assets	<u>\$ 2,926,204</u>	<u>\$ 2,643,625</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable	\$ 10,071	\$ 109,883
Deposits held	18,746	26,467
Accrued expenses	23,111	8,247
Annuities payable	11,444	11,444
Line of credit	-	893
Capital lease obligation	<u>6,991</u>	<u>11,995</u>
Total liabilities	<u>70,363</u>	<u>168,929</u>
<u>Net Assets</u>		
Without donor restrictions	2,523,867	2,228,506
With donor restrictions	<u>331,974</u>	<u>246,190</u>
Total net assets	<u>2,855,841</u>	<u>2,474,696</u>
Total liabilities and net assets	<u>\$ 2,926,204</u>	<u>\$ 2,643,625</u>

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Public Support and Revenue</u>						
Retreat housing	\$ 282,698	-	\$ 282,698	\$ 275,031	-	\$ 275,031
Contributions	427,500	128,185	555,685	333,327	171,355	504,682
Summer camp	293,270	-	293,270	122,263	-	122,263
Lake Aurora programs	58,382	-	58,382	51,602	-	51,602
Rental income	5,467	-	5,467	5,640	-	5,640
Concessions	15,557	-	15,557	(5,012)	-	(5,012)
Fruit sales	26,184	-	26,184	35,103	-	35,103
Other income	236,663	-	236,663	11,500	-	11,500
Gain (loss) on asset disposal	500	-	500	(32,465)	-	(32,465)
Total public support and revenue	<u>1,346,221</u>	<u>128,185</u>	<u>1,474,406</u>	<u>796,989</u>	<u>171,355</u>	<u>968,344</u>
<u>Expenses</u>						
Program services:						
Food services	251,616	-	251,616	236,699	-	236,699
Programming/guest relations	331,536	-	331,536	327,345	-	327,345
Accommodations	296,217	-	296,217	285,386	-	285,386
Support services:						
Management and general	204,647	-	204,647	178,947	-	178,947
Fundraising	9,245	-	9,245	9,804	-	9,804
Total expenses	<u>1,093,261</u>	<u>-</u>	<u>1,093,261</u>	<u>1,038,181</u>	<u>-</u>	<u>1,038,181</u>
Excess (deficit) of public support and revenue over expenses	252,960	128,185	381,145	(241,192)	171,355	(69,837)
<u>Net Assets Released from Restrictions</u>						
Program services	9,457	(9,457)	-	12,459	(12,459)	-
Capital projects	32,944	(32,944)	-	64,228	(64,228)	-
Debt repayment	-	-	-	51,109	(51,109)	-
Change in net assets	295,361	85,784	381,145	(113,396)	43,559	(69,837)
Net assets, beginning of year	2,228,506	246,190	2,474,696	2,341,902	202,631	2,544,533
Net assets, end of year	<u>\$ 2,523,867</u>	<u>\$ 331,974</u>	<u>\$ 2,855,841</u>	<u>\$ 2,228,506</u>	<u>\$ 246,190</u>	<u>\$ 2,474,696</u>

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	Program Services			Mgmt. and General		Supporting Services		Total
	Food Services	Program/ Guest Relations	Accommodations	General	Fundraising			
Salaries	\$ 56,275	\$ 155,463	\$ 152,263	\$ 84,413	\$ 5,589	\$	\$ 454,003	
Food service	110,814	145	-	-	-	-	110,959	
Office expense		30,326	9,176	49,400	3,090		91,992	
Facilities and related	41,496	23,050	56,286	24,427	566		145,825	
Programming	117	57,239	220	14,870	-		72,446	
Insurance	5,113	32,469	1,159	-	-		38,741	
Depreciation and amortization	37,801	32,844	77,113	17,521	-		165,279	
Designated Funds used	-	-	-	14,016	-		14,016	
Interest	-	-	-	-	-		-	
Total functional expenses	\$ 251,616	\$ 331,536	\$ 296,217	\$ 204,647	\$ 9,245	\$	\$ 1,093,261	

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2020

	Program Services			Supporting Services			Total
	Food Services	Program/ Guest Relations	Accommodations	Mgmt. and General	Fundraising		
Salaries	\$ 70,161	\$ 168,667	\$ 145,967	\$ 63,760	\$ 7,508	\$	456,063
Food service	77,902	-	-	-	-	-	77,902
Office expense	834	32,620	16,838	44,809	1,632		96,733
Facilities and related Programming	39,621	40,104	57,101	45,829	664		183,319
Insurance	-	18,545	-	-	-		18,545
Depreciation	7,896	32,864	-	319	-		41,079
Interest	39,486	34,545	65,480	23,417	-		162,928
	799	-	-	813	-		1,612
Total functional expenses	\$ 236,699	\$ 327,345	\$ 285,386	\$ 178,947	\$ 9,804	\$	1,038,181

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
<u>Operating Activities</u>		
Change in net assets	\$ 381,145	\$ (69,837)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	165,279	162,928
Amortization of debt issuance costs	-	450
Loss on assets scrapped	-	32,465
Decrease (increase) in:		
Accounts receivable	(15,054)	47,996
Prepaid expenses	3,228	(2,942)
Prepaid supplies	3,489	(3,508)
Increase (decrease) in:		
Accounts payable	(99,812)	102,191
Deposits held	(7,721)	(3,640)
Accrued expenses	14,864	(1,631)
Annuities payable	-	(8,724)
	445,418	255,748
Net cash provided by operating activities	445,418	255,748
<u>Investing Activities</u>		
Purchase of property and equipment	(94,965)	(131,059)
Net cash used by investing activities	(94,965)	(131,059)
<u>Financing Activities</u>		
Net (repayment of) proceeds from line of credit	(893)	893
Repayment of capital lease obligation	(5,004)	(4,809)
Repayment of note payable	-	(68,503)
Net cash used by financing activities	(5,897)	(72,419)
Net increase in cash and cash equivalents	344,556	52,270
Cash and cash equivalents, beginning of year	150,331	98,061
Cash and cash equivalents, end of year	\$ 494,887	\$ 150,331
<u>Supplemental Cash Flow Information</u>		
Cash paid during the year for interest	\$ -	\$ 1,612

See accompanying notes to financial statements.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2021 AND 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
YEARS ENDED SEPTEMBER 30, 2021 AND 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

YEARS ENDED SEPTEMBER 30, 2021 AND 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 25,319 volunteer hours (unaudited) during the years ended September 30, 2021.

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

YEARS ENDED SEPTEMBER 30, 2021 AND 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, 2021, 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 2018 - 2020 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 June 15, 2022, 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 494,887	\$ 150,331
Accounts receivable	<u>25,732</u>	<u>10,678</u>
Total	<u>\$ 520,619</u>	<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

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

Note C - Property and Equipment

At September 30, property and equipment consists of:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,139,853	\$ 1,139,853
Buildings	3,801,102	3,758,235
Furniture and equipment	348,799	346,606
Vehicles	229,777	181,122
Citrus Grove	97,505	97,505
Construction in progress	1,130	-
	<hr/>	<hr/>
Total	5,618,166	5,523,321
Less: accumulated depreciation	3,249,528	3,084,369
	<hr/>	<hr/>
Property and equipment, net	<u>\$ 2,368,638</u>	<u>\$ 2,438,952</u>

Note D - Line of Credit

At September 30, 2020, the Assembly had a \$40,000 line of credit agreement with Citizens Bank and Trust with a variable interest rate of 6.00% on that date but a loan balance of just \$893 – which was paid off during 2021. The line of credit agreement expired during the year ended September 30, 2021.

Note E - Annuities Payable

At September 30, 2021 and 2020, the Assembly has annuity agreements with four individuals. Pursuant to terms of those donor agreements, the Assembly pays a fixed amount to them (approximately \$7,000 per year) over their remaining lives. The computed liability is based on their life expectancies using a discount rate of 7%. The liability is \$11,444 at both September 30, 2021 and 2020.

Note F - Fair Value Measurements

The Assembly estimates that the fair value of all financial instruments at September 30, 2021 and 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

YEARS ENDED SEPTEMBER 30, 2021 AND 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 2023. 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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2022	\$ 5,393
2023	1,798
Total:	7,191
Less: amount representing interest	200
Present value of lease payments	<u>\$ 6,991</u>

Note H - Net Assets with Donor Restrictions

At September 30, 2021 and 2020, net assets with donor restrictions are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Property and equipment acquisitions	\$ 174,977	\$ 184,575
Program services	150,578	55,197
Charitable gift annuity payments	6,419	6,418
Total	<u>\$ 331,974</u>	<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 \$10,236 and \$8,370 for the years ended September 30, 2021 and 2020, respectively.

LAKE AURORA CHRISTIAN ASSEMBLY, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

Note J - Significant Concentrations of Credit Risk

The Assembly at times, maintains cash and cash equivalents in various financial institutions including balances at Christian Financial Resources, Inc. at September 30, 2021 of \$268,532. Balances held at Christian Financial Resources, Inc. are not covered by Federal Deposit Insurance Company or the Securities Investor Protection Corporation.