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January 22, 2018

Board of Directors  
Lawrenceburg Community Center, Inc.  
423 Walnut Street  
Lawrenceburg, IN 47025

We have reviewed the report prepared by Lawrenceburg Community Center, Inc. and opined upon by Clark, Schaefer, Hackett & Co., Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Lawrenceburg Community Center, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Clark, Schaefer, Hackett & Co. prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner

# **Lawrenceburg Community Center, Inc.**

Financial Statements

December 31, 2015 and 2014

(with Independent Auditors' Report)

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Lawrenceburg Community Center, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of the Lawrenceburg Community Center, Inc., (a not-for-profit organization) as of December 31, 2015 and 2014, 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.

### **Auditors' 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 audits 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 auditors' 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 evaluation of 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.

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## **Opinion**

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Lawrenceburg Community Center, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
August 11, 2016

Lawrenceburg Community Center, Inc.  
 Statements of Financial Position  
 December 31, 2015 and 2014

|                                      | <u>2015</u>                  | <u>2014</u>               |
|--------------------------------------|------------------------------|---------------------------|
| Assets:                              |                              |                           |
| Cash                                 | \$ 349,890                   | 299,564                   |
| Prepaid expenses                     | 15,000                       | 15,000                    |
| Contributed rent receivable          | 131,637                      | 176,131                   |
| Property and equipment, net          | <u>130,438</u>               | <u>150,841</u>            |
| <br>Total assets                     | <br>\$ <u>626,965</u>        | <br><u>641,536</u>        |
| <br>Liabilities and net assets:      |                              |                           |
| Liabilities:                         |                              |                           |
| Accounts payable                     | \$ 4,443                     | 11,479                    |
| Accrued expenses                     | <u>2,996</u>                 | <u>1,536</u>              |
| <br>Total liabilities                | <br><u>7,439</u>             | <br><u>13,015</u>         |
| <br>Net assets:                      |                              |                           |
| Unrestricted                         | 487,889                      | 452,390                   |
| Temporarily restricted               | <u>131,637</u>               | <u>176,131</u>            |
| <br>Total net assets                 | <br><u>619,526</u>           | <br><u>628,521</u>        |
| <br>Total liabilities and net assets | <br>\$ <u><u>626,965</u></u> | <br><u><u>641,536</u></u> |

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.  
Statements of Activities  
Years Ended December 31, 2015 and 2014

|                                       | 2015              |                           |                | 2014           |                           |                |
|---------------------------------------|-------------------|---------------------------|----------------|----------------|---------------------------|----------------|
|                                       | Unrestricted      | Temporarily<br>Restricted | Total          | Unrestricted   | Temporarily<br>Restricted | Total          |
| Revenues:                             |                   |                           |                |                |                           |                |
| Contributions                         | \$ 603,616        | -                         | 603,616        | 604,495        | -                         | 604,495        |
| Program fees                          | 50,004            | -                         | 50,004         | 74,761         | -                         | 74,761         |
| Interest income                       | 368               | -                         | 368            | 572            | -                         | 572            |
| Miscellaneous income                  | 17,721            | -                         | 17,721         | 9,235          | -                         | 9,235          |
| Net assets released from restrictions | <u>44,494</u>     | <u>(44,494)</u>           | <u>-</u>       | <u>43,505</u>  | <u>(43,505)</u>           | <u>-</u>       |
|                                       | <u>716,203</u>    | <u>(44,494)</u>           | <u>671,709</u> | <u>732,568</u> | <u>(43,505)</u>           | <u>689,063</u> |
| Expenses:                             |                   |                           |                |                |                           |                |
| Program                               | 510,965           | -                         | 510,965        | 568,621        | -                         | 568,621        |
| General and administrative            | <u>169,739</u>    | <u>-</u>                  | <u>169,739</u> | <u>176,985</u> | <u>-</u>                  | <u>176,985</u> |
|                                       | <u>680,704</u>    | <u>-</u>                  | <u>680,704</u> | <u>745,606</u> | <u>-</u>                  | <u>745,606</u> |
| Change in net assets                  | 35,499            | (44,494)                  | (8,995)        | (13,038)       | (43,505)                  | (56,543)       |
| Net assets at beginning of year       | <u>452,390</u>    | <u>176,131</u>            | <u>628,521</u> | <u>465,428</u> | <u>219,636</u>            | <u>685,064</u> |
| Net assets at end of year             | \$ <u>487,889</u> | <u>131,637</u>            | <u>619,526</u> | <u>452,390</u> | <u>176,131</u>            | <u>628,521</u> |

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.  
 Statements of Functional Expenses  
 Years Ended December 31, 2015 and 2014

|                    | 2015              |                               |                | 2014           |                               |                |
|--------------------|-------------------|-------------------------------|----------------|----------------|-------------------------------|----------------|
|                    | Program           | General and<br>Administrative | Total          | Program        | General and<br>Administrative | Total          |
| Salaries and wages | \$ 169,371        | 67,530                        | 236,901        | 175,044        | 65,020                        | 240,064        |
| Employee benefits  | 55,425            | 22,099                        | 77,524         | 78,524         | 29,167                        | 107,691        |
| Payroll taxes      | 23,803            | 9,490                         | 33,293         | 27,815         | 10,332                        | 38,147         |
| Insurance          | 11,008            | 2,752                         | 13,760         | 10,913         | 2,728                         | 13,641         |
| Program supplies   | 71,900            | -                             | 71,900         | 88,031         | -                             | 88,031         |
| Advertising        | 20,609            | 4,884                         | 25,493         | 24,252         | 6,063                         | 30,315         |
| Equipment rental   | 7,655             | 1,764                         | 9,419          | 6,973          | 1,743                         | 8,716          |
| Donated rent       | 38,400            | 9,600                         | 48,000         | 38,400         | 9,600                         | 48,000         |
| Depreciation       | 34,458            | 8,637                         | 43,095         | 34,600         | 8,650                         | 43,250         |
| Office supplies    | 2,795             | 11,182                        | 13,977         | 2,765          | 9,778                         | 12,543         |
| Professional fees  | 3,839             | 15,357                        | 19,196         | 4,184          | 16,737                        | 20,921         |
| Repairs            | 8,115             | 2,029                         | 10,144         | 10,834         | 2,709                         | 13,543         |
| Cleaning supplies  | 8,138             | 2,035                         | 10,173         | 7,215          | 1,804                         | 9,019          |
| Utilities          | 44,936            | 11,023                        | 55,959         | 48,589         | 12,147                        | 60,736         |
| Vending            | 7,759             | -                             | 7,759          | 9,451          | -                             | 9,451          |
| Other              | 2,754             | 1,357                         | 4,111          | 1,031          | 507                           | 1,538          |
|                    | \$ <u>510,965</u> | <u>169,739</u>                | <u>680,704</u> | <u>568,621</u> | <u>176,985</u>                | <u>745,606</u> |

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.  
 Statements of Cash Flows  
 Years Ended December 31, 2015 and 2014

|  | <u>2015</u>       | <u>2014</u>     |
|--|-------------------|-----------------|
| Change in net assets   | \$ (8,995)        | (56,543)        |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities: |                   |                 |
| Depreciation   | 43,095            | 43,250          |
| Effects of change in operating assets and liabilities:   |                   |                 |
| Contributed rent receivable  | 44,494            | 43,505          |
| Accounts payable   | (7,036)           | 3,526           |
| Accrued expenses   | <u>1,460</u>      | <u>(88)</u>     |
| Net cash provided by operating activities  | <u>73,018</u>     | <u>33,650</u>   |
| Cash flow from investing activities:   |                   |                 |
| Purchase of property and equipment   | <u>(22,692)</u>   | <u>(11,200)</u> |
| Net increase in cash   | 50,326            | 22,450          |
| Cash - beginning of year   | <u>299,564</u>    | <u>277,114</u>  |
| Cash - end of year   | \$ <u>349,890</u> | <u>299,564</u>  |

See accompanying notes to the financial statements.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following accounting principles and practices of the Center are set forth to facilitate the understanding of data presented in the financial statements.

### **Nature of operations**

Lawrenceburg Community Center, Inc. (the "Center") is a not-for-profit organization, which provides quality active and passive recreational, educational and social opportunities to members of all ages of the community of Dearborn County, Indiana and surrounding areas. The Center was incorporated on March 12, 2007 and commenced operations in June 2007.

### **Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, support, expenses and losses during the reporting period. Actual results could differ from those estimates.

### **Financial statement presentation**

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restrictions; temporarily restricted net assets which have donor imposed restrictions that will likely expire in the future; and permanently restricted net assets which have donor-imposed restrictions which do not expire. The Center had no permanently restricted net assets as of December 31, 2015 and 2014.

### **Income taxes**

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been determined that the Center is not a private foundation. The Center's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. The Center's income tax filings are subject to audit by various taxing authorities. In evaluating the Center's tax provision and tax exempt status, interpretations and tax planning strategies were considered.

### **Contributions**

Contributions of cash and other assets without donor stipulations concerning the use of such assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used in accordance with donor stipulations are reported as revenues of the temporary or permanently restricted net asset class. Contributions received with restrictions whose restrictions are met in the same period are reported as unrestricted revenue.

The Center reports gifts of property and equipment as unrestricted support unless donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The restrictions on contributed long-lived assets expire over the useful life of the donated assets. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated long-lived assets are placed in service.

**Advertising expenses**

Advertising costs are expensed in the period in which they are incurred.

**Property and equipment**

Property and equipment is stated at cost for purchased items and fair value for contributed items as of the date of the gift. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets. The Center capitalizes property and equipment over \$1,000, with a useful life greater than one year.

**Functional allocation of expenses**

Salaries and related expenses are charged to program services based on an estimate of time spent by personnel on the related programs. Direct expenses are charged to the program based on costs incurred when specifically identifiable with a program. All other expenses are allocated to programs based on estimates made by management.

**Subsequent events**

The Center evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through August 11, 2016, the date on which the financial statements were available to be issued.

**2. PROPERTY AND EQUIPMENT:**

Property and equipment is summarized as follows at December 31:

|                               | <u>2015</u>       | <u>2014</u>    |
|-------------------------------|-------------------|----------------|
| Equipment                     | \$ 378,190        | 355,498        |
| Furniture and fixtures        | <u>72,931</u>     | <u>72,931</u>  |
|                               | 451,121           | 428,429        |
| Less accumulated depreciation | <u>320,683</u>    | <u>277,588</u> |
|                               | <u>\$ 130,438</u> | <u>150,841</u> |

**3. TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets consist of contributed rent for future periods of \$131,637 and \$176,131, as of December 31, 2015 and 2014, respectively. Net assets of \$44,494 and \$43,505 were released from donor restrictions and became available for use during the years ended December 31, 2015 and 2014, respectively.

**4. CONCENTRATION OF RISK:**

The Center maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. Cash in excess of federally insured limits is approximately \$117,000 and \$73,000 at December 31, 2015 and 2014, respectively.

Approximately 89% and 87% of the Center's total revenue for the years ended December 31, 2015 and 2014, respectively, was contributed by the City of Lawrenceburg. Total contribution revenue from the City of Lawrenceburg during 2015 and 2014 was \$600,000.

The Center is economically dependent on these contributions from the City of Lawrenceburg.

**5. CONTRIBUTED RENT RECEIVABLE:**

During 2008, the Center entered into a ten-year agreement to lease a building from the City of Lawrenceburg for an annual lease payment of \$1. The Center has recorded a receivable at the net present value for the estimated fair value of the contributed rent determined at the inception of the lease. The annual fair value of the contributed rent has been estimated at \$48,000. The net present value of the receivable, calculated utilizing a rate of 2.25%, has been recorded in the statements of financial position. Each year, the Center will record rent expense for the estimated gross value of the contributed rent. The receivable will be reduced by the annual net present value. The difference between the gross value and the net present value will be reflected as a contribution in the statements of activities. The net present value of the contributed rent receivable at December 31, 2015 and 2014 was \$131,637 and \$176,131, respectively. For the years ended December 31, 2015 and 2014, the Center recorded rent expense of \$48,000.

The following is a summary of these amounts at December 31, 2015:

|  |                   |
|--|-------------------|
| Gross value of<br>contributed rent       | \$ 136,000        |
| Less interest portion                    | <u>4,363</u>      |
| Net present value of<br>contributed rent | \$ <u>131,637</u> |