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February 5, 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, 2016 to December 31, 2016. 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, 2016 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.

Handwritten signature of Paul D. Joyce in blue ink.

Paul D. Joyce, CPA
State Examiner

Lawrenceburg Community Center, Inc.

Financial Statements

December 31, 2016 and 2015

(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, 2016 and 2015, 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 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 Lawrenceburg Community Center, Inc. as of December 31, 2016 and 2015, 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 17, 2017

Lawrenceburg Community Center, Inc.
 Statements of Financial Position
 December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	\$ 440,172	349,890
Prepaid expenses	16,900	15,000
Contributed rent receivable	86,131	131,637
Property and equipment, net	<u>88,337</u>	<u>130,438</u>
 Total assets	 \$ <u>631,540</u>	 <u>626,965</u>
 Liabilities and net assets:		
Liabilities:		
Accounts payable	\$ 7,576	4,443
Accrued expenses	<u>6,209</u>	<u>2,996</u>
 Total liabilities	 <u>13,785</u>	 <u>7,439</u>
 Net assets:		
Unrestricted	531,624	487,889
Temporarily restricted	<u>86,131</u>	<u>131,637</u>
 Total net assets	 <u>617,755</u>	 <u>619,526</u>
 Total liabilities and net assets	 \$ <u>631,540</u>	 <u>626,965</u>

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.
Statements of Activities
Years Ended December 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Contributions	\$ 553,323	-	553,323	603,616	-	603,616
Program fees	56,664	-	56,664	50,004	-	50,004
Interest income	11	-	11	368	-	368
Miscellaneous income	18,846	-	18,846	17,721	-	17,721
Net assets released from restrictions	<u>45,506</u>	<u>(45,506)</u>	<u>-</u>	<u>44,494</u>	<u>(44,494)</u>	<u>-</u>
	<u>674,350</u>	<u>(45,506)</u>	<u>628,844</u>	<u>716,203</u>	<u>(44,494)</u>	<u>671,709</u>
Expenses:						
Program	477,166	-	477,166	510,965	-	510,965
General and administrative	<u>153,449</u>	<u>-</u>	<u>153,449</u>	<u>169,739</u>	<u>-</u>	<u>169,739</u>
	<u>630,615</u>	<u>-</u>	<u>630,615</u>	<u>680,704</u>	<u>-</u>	<u>680,704</u>
Change in net assets	43,735	(45,506)	(1,771)	35,499	(44,494)	(8,995)
Net assets at beginning 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>
Net assets at end of year	\$ <u>531,624</u>	<u>86,131</u>	<u>617,755</u>	<u>487,889</u>	<u>131,637</u>	<u>619,526</u>

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.
 Statements of Functional Expenses
 Years Ended December 31, 2016 and 2015

	2016			2015		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Salaries and wages	\$ 158,362	68,250	226,612	169,371	67,530	236,901
Employee benefits	51,315	22,115	73,430	55,425	22,099	77,524
Payroll taxes	16,933	7,298	24,231	23,803	9,490	33,293
Insurance	12,858	3,214	16,072	11,008	2,752	13,760
Program supplies	84,685	-	84,685	71,900	-	71,900
Advertising	3,903	976	4,879	20,609	4,884	25,493
Equipment rental	5,410	1,353	6,763	7,655	1,764	9,419
Donated rent	38,400	9,600	48,000	38,400	9,600	48,000
Depreciation	33,681	8,420	42,101	34,458	8,637	43,095
Office supplies	1,489	5,956	7,445	2,795	11,182	13,977
Professional fees	2,800	11,198	13,998	3,839	15,357	19,196
Repairs	9,437	2,359	11,796	8,115	2,029	10,144
Cleaning supplies	8,330	2,083	10,413	8,138	2,035	10,173
Utilities	40,752	10,188	50,940	44,936	11,023	55,959
Vending	7,921	-	7,921	7,759	-	7,759
Other	890	439	1,329	2,754	1,357	4,111
	\$ 477,166	153,449	630,615	510,965	169,739	680,704

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Change in net assets	\$ (1,771)	(8,995)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,101	43,095
Effects of change in operating assets and liabilities:		
Contributed rent receivable	45,506	44,494
Prepaid expenses	(1,900)	-
Accounts payable	3,133	(7,036)
Accrued expenses	<u>3,213</u>	<u>1,460</u>
Net cash provided by operating activities	<u>90,282</u>	<u>73,018</u>
Cash flow from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(22,692)</u>
Net increase in cash	90,282	50,326
Cash - beginning of year	<u>349,890</u>	<u>299,564</u>
Cash - end of year	\$ <u><u>440,172</u></u>	<u><u>349,890</u></u>

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Lawrenceburg Community Center, Inc. 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.

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, 2016 and 2015.

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 17, 2017, 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>2016</u>	<u>2015</u>
Equipment	\$ 294,555	378,190
Furniture and fixtures	<u>63,937</u>	<u>72,931</u>
	358,492	451,121
Less accumulated depreciation	<u>270,155</u>	<u>320,683</u>
	\$ <u>88,337</u>	<u>130,438</u>

3. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of contributed rent for future periods of \$86,131 and \$131,637, as of December 31, 2016 and 2015, respectively. Net assets of \$45,506 and \$44,494 were released from donor restrictions and became available for use during the years ended December 31, 2016 and 2015, 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 \$211,000 and \$117,000 at December 31, 2016 and 2015, respectively.

Approximately 87% and 89% of the Center's total revenue for the years ended December 31, 2016 and 2015, respectively, was contributed by the City of Lawrenceburg. Total contribution revenue from the City of Lawrenceburg was \$550,000 and 600,000 in 2016 and 2015, respectively. 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, 2016 and 2015 was \$86,131 and \$131,637, respectively. For the years ended December 31, 2016 and 2015, the Center recorded rent expense of \$48,000.

The following is a summary of these amounts at December 31, 2016:

Gross value of contributed rent	\$ 88,000
Less interest portion	<u>1,869</u>
Net present value of contributed rent	\$ <u>86,131</u>

