B52725

STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 23, 2019

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

We have reviewed the audit report of Lawrenceburg Community Center, Inc. which was opined upon by Clark, Schaefer, Hackett & Co., Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Lawrenceburg Community Center, Inc. as of December 31, 2017 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 the audit report in accordance with 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

Paul D. Joyce, CPA
State Examiner

Lawrenceburg Community Center, Inc.

Financial Statements

December 31, 2017 and 2016

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT

CPAs & ADVISORS

TABLE OF CONTENTS

CLARK SCHAEFER HACKETT
CPAs & ADVISORS

One East Fourth Street, Suite 1200, Cincinnati, Ohio 45202
P. 513.241.3111 | F. 513.241.1212 | cshco.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Lawrenceburg Community Center, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

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 December 31, 2017 and 2016, 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.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
August 1, 2018

Lawrenceburg Community Center, Inc.
Statements of Financial Position
December 31, 2017 and 2016

		2017	2016
Assets:			
Cash	$	441,126	440,172
Prepaid expenses		18,250	16,900
Contributed rent receivable		39,591	86,131
Property and equipment, net		87,824	88,337
Total assets	$	586,791	631,540
Liabilities and net assets:			
Liabilities:			
Accounts payable	$	6,569	7,576
Accrued expenses		4,214	6,209
Total liabilities		10,783	13,785
Net assets:			
Unrestricted		536,417	531,624
Temporarily restricted		39,591	86,131
Total net assets		576,008	617,755
Total liabilities and net assets	$	586,791	631,540

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Contributions	$ 551,860	-	551,860	553,323	-	553,323
Program fees	56,925	-	56,925	56,664	-	56,664
Interest income	17	-	17	11	-	11
Miscellaneous income	6,407	-	6,407	18,846	-	18,846
Net assets released from restrictions	46,540	(46,540)	-	45,506	(45,506)	-
	661,749	(46,540)	615,209	674,350	(45,506)	628,844
Expenses:						
Program	497,737	-	497,737	477,166	-	477,166
General and administrative	159,219	-	159,219	153,449	-	153,449
	656,956	-	656,956	630,615	-	630,615
Change in net assets	4,793	(46,540)	(41,747)	43,735	(45,506)	(1,771)
Net assets at beginning of year	531,624	86,131	617,755	487,889	131,637	619,526
Net assets at end of year	$ 536,417	39,591	576,008	531,624	86,131	617,755

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.
Statements of Functional Expenses
Years Ended December 31, 2017 and 2016

	2017			2016		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Salaries and wages	$ 178,637	69,615	248,252	158,362	68,250	226,612
Employee benefits	52,758	20,560	73,318	51,315	22,115	73,430
Payroll taxes	18,357	7,154	25,511	16,933	7,298	24,231
Insurance	12,307	3,077	15,384	12,858	3,214	16,072
Program supplies	71,283	-	71,283	84,685	-	84,685
Advertising	18,262	4,566	22,828	3,903	976	4,879
Equipment rental	5,828	1,457	7,285	5,410	1,353	6,763
Donated rent	38,400	9,600	48,000	38,400	9,600	48,000
Depreciation	26,596	6,649	33,245	33,681	8,420	42,101
Office supplies	2,742	10,966	13,708	1,489	5,956	7,445
Professional fees	2,241	8,964	11,205	2,800	11,198	13,998
Repairs	12,575	3,144	15,719	9,437	2,359	11,796
Cleaning supplies	8,054	2,013	10,067	8,330	2,083	10,413
Utilities	40,315	10,079	50,394	40,752	10,188	50,940
Vending	6,589	-	6,589	7,921	-	7,921
Other	2,793	1,375	4,168	890	439	1,329
	$ 497,737	159,219	656,956	477,166	153,449	630,615

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Change in net assets	$ (41,747)	(1,771)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,245	42,101
Loss on disposal of property and equipment	10,315	-
Effects of change in operating assets and liabilities:		
Contributed rent receivable	46,540	45,506
Prepaid expenses	(1,350)	(1,900)
Accounts payable	(1,007)	3,133
Accrued expenses	(1,995)	3,213
Net cash provided by operating activities	44,001	90,282
Cash flow from investing activities:		
Purchase of property and equipment	(43,047)	-
Net increase in cash	954	90,282
Cash - beginning of year	440,172	349,890
Cash - end of year	$ 441,126	440,172

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, 2017 and 2016.

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 1, 2018, 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:

	2017	2016
Equipment	$ 303,507	294,555
Furniture and fixtures	63,937	63,937
	367,444	358,492
Less accumulated depreciation	279,620	270,155
	$ 87,824	88,337

3. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of contributed rent for future periods of $39,591 and $86,131, as of December 31, 2017 and 2016, respectively. Net assets of $46,540 and $45,506 were released from donor restrictions and became available for use during the years ended December 31, 2017 and 2016, 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 $225,000 and $211,000 at December 31, 2017 and 2016, respectively.

Approximately 89% and 87% of the Center's total revenue for the years ended December 31, 2017 and 2016, respectively, was contributed by the City of Lawrenceburg. Total contribution revenue from the City of Lawrenceburg was $550,000 in 2017 and 2016. 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, 2017 and 2016 was $39,591 and $86,131, respectively. For the years ended December 31, 2017 and 2016, the Center recorded rent expense of $48,000.

The following is a summary of these amounts at December 31, 2017:

Gross value of contributed rent	$ 40,000
Less interest portion	409
Net present value of contributed rent	$ 39,591

6. NEW ACCOUNTING PRONOUNCEMENTS:

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities. The standard aims to improve not-for-profit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for the Lawrenceburg Community Center, Inc.'s year ending December 31, 2018.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the Lawrenceburg Community Center, Inc.'s year ending December 31, 2019.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The standard will assist entities in determining whether transactions should be recorded as a contribution (nonreciprocal transaction) or as an exchange (reciprocal transaction). The standard also provides expanded guidance on determining whether or not a contribution is conditional. This standard will be effective for the Organization's year ending December 31, 2019.

In February 2016, the FASB issued ASU No. 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Lawrenceburg Community Center, Inc.'s year ending December 31, 2020.

Lawrenceburg Community Center, Inc. is currently in the process of evaluating the impact of adoption of these ASU's on the financial statements.