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August 19, 2020

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, 2018 to December 31, 2018. 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, 2018 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 audit 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, 2018 and 2017

(with Independent Auditors' Report)



**CLARK SCHAEFER HACKETT**  
CPAs & ADVISORS

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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 financial statements of Lawrenceburg Community Center, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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, 2018 and 2017, 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  
June 28, 2019

Lawrenceburg Community Center, Inc.  
 Statements of Financial Position  
 December 31, 2018 and 2017

	2018	2017
<b>Assets:</b>		
Cash	\$ 499,172	441,126
Prepaid expenses	-	18,250
Contributed rent receivable	-	39,591
Property and equipment, net	93,858	87,824
 Total assets	 \$ 593,030	 586,791
 <b>Liabilities and net assets:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 6,246	6,569
Accrued expenses	2,772	4,214
 Total liabilities	 9,018	 10,783
 <b>Net assets:</b>		
Without donor restrictions	584,012	536,417
With donor restrictions	-	39,591
 Total net assets	 584,012	 576,008
 Total liabilities and net assets	 \$ 593,030	 586,791

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.  
 Statements of Activities  
 Years Ended December 31, 2018 and 2017

	2018			2017		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues:						
Contributions	\$ 558,994	-	558,994	551,860	-	551,860
Program fees	54,621	-	54,621	56,925	-	56,925
Miscellaneous income	17,931	-	17,931	6,424	-	6,424
Net assets released from restrictions	<u>39,591</u>	<u>(39,591)</u>	<u>-</u>	<u>46,540</u>	<u>(46,540)</u>	<u>-</u>
	<u>671,137</u>	<u>(39,591)</u>	<u>631,546</u>	<u>661,749</u>	<u>(46,540)</u>	<u>615,209</u>
Expenses:						
Program	465,846	-	465,846	497,737	-	497,737
General and administrative	<u>157,696</u>	<u>-</u>	<u>157,696</u>	<u>159,219</u>	<u>-</u>	<u>159,219</u>
	<u>623,542</u>	<u>-</u>	<u>623,542</u>	<u>656,956</u>	<u>-</u>	<u>656,956</u>
Change in net assets	47,595	(39,591)	8,004	4,793	(46,540)	(41,747)
Net assets at beginning of year	<u>536,417</u>	<u>39,591</u>	<u>576,008</u>	<u>531,624</u>	<u>86,131</u>	<u>617,755</u>
Net assets at end of year	\$ <u>584,012</u>	<u>-</u>	<u>584,012</u>	<u>536,417</u>	<u>39,591</u>	<u>576,008</u>

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.  
 Statements of Functional Expenses  
 Years Ended December 31, 2018 and 2017

	2018			2017		
	Program	General and Administrative	Total	Program	General and Administrative	Total
Payroll, taxes and benefits	\$ 216,523	95,618	312,141	249,752	97,329	347,081
Insurance	10,834	2,709	13,543	12,307	3,077	15,384
Program supplies	63,503	-	63,503	71,283	-	71,283
Advertising	24,786	6,197	30,983	18,262	4,566	22,828
Equipment rental	7,685	1,921	9,606	5,828	1,457	7,285
Donated rent	38,400	9,600	48,000	38,400	9,600	48,000
Depreciation	27,684	6,921	34,605	26,596	6,649	33,245
Office supplies	2,161	8,642	10,803	2,742	10,966	13,708
Professional fees	2,397	9,589	11,986	2,241	8,964	11,205
Repairs	12,918	3,229	16,147	12,575	3,144	15,719
Cleaning supplies	6,928	1,732	8,660	8,054	2,013	10,067
Utilities	41,839	10,460	52,299	40,315	10,079	50,394
Vending	8,000	-	8,000	6,589	-	6,589
Other	2,188	1,078	3,266	2,793	1,375	4,168
	\$ 465,846	157,696	623,542	497,737	159,219	656,956

See accompanying notes to the financial statements.

Lawrenceburg Community Center, Inc.  
 Statements of Cash Flows  
 Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 8,004	(41,747)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,605	33,245
Loss on disposal of property and equipment	-	10,315
Effects of change in operating assets and liabilities:		
Prepaid expenses	18,250	(1,350)
Contributed rent receivable	39,591	46,540
Accounts payable	(323)	(1,007)
Accrued expenses	<u>(1,442)</u>	<u>(1,995)</u>
Net cash provided by operating activities	<u>98,685</u>	<u>44,001</u>
Cash flow from investing activities:		
Purchase of property and equipment	<u>(40,639)</u>	<u>(43,047)</u>
Net increase in cash	58,046	954
Cash - beginning of year	<u>441,126</u>	<u>440,172</u>
Cash - end of year	\$ <u>499,172</u>	<u>441,126</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.

### **Adoption of new accounting standard**

During 2018, the Center adopted Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard 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 investment return and functional expenses, including allocation methodologies. The Center has adjusted the presentation of these financial statements accordingly.

### **Financial statement presentation**

The Center reports information regarding its financial position and activities in two classes of net assets: net assets without donor restrictions which have no donor-imposed restrictions and net assets with donor restrictions which are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Center did not have net assets that must be maintained in perpetuity as of December 31, 2018 and 2017.

### **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. The Center does not believe it had any income that would be considered unrelated business income.

**Contributions**

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

The Center reports gifts of property and equipment as net assets without donor restrictions 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 net assets with donor restrictions support. The restrictions on contributed long-lived assets expire when the 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**

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Center. Expenses are directly applied when applicable and are allocated to programs or support services based on management's estimate of time and effort of individual employees and their related duties.

**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 June 28, 2019, the date on which the financial statements were available to be issued.

**Reclassifications**

Certain items from 2017 have been reclassified to conform to the current year presentation.

**2. PROPERTY AND EQUIPMENT:**

Property and equipment is summarized as follows at December 31:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 332,957	303,507
Furniture and fixtures	<u>70,131</u>	<u>63,937</u>
	403,088	367,444
Less accumulated depreciation	<u>309,230</u>	<u>279,620</u>
	<u>\$ 93,858</u>	<u>87,824</u>

**3. NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions consist of contributed rent for future periods of \$39,591 as of December 31, 2017. There were no net assets with donor restrictions at December 31, 2018. Net assets of \$39,591 and \$46,540 were released from donor restrictions during the years ended December 31, 2018 and 2017, 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 \$253,000 and \$225,000 at December 31, 2018 and 2017, respectively.

Approximately 87% and 89% of the Center's total revenue for the years ended December 31, 2018 and 2017, respectively, was contributed by the City of Lawrenceburg. Total contribution revenue from the City of Lawrenceburg was \$550,000 in 2018 and 2017. 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 was \$39,591. The lease expired in October 2018 and has continued on a month-to-month basis. For the years ended December 31, 2018 and 2017, the Center recorded rent expense of \$48,000.

## 6. LIQUIDITY:

The Center is substantially supported by City of Lawrenceburg. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center's goal is generally to maintain financial assets to meet 90 days of operating expenses.

The Center's only financial asset is its cash balances at December 31, 2018 and 2017 of \$499,172 and \$441,126, respectively. There are no limitations on these financial assets.

## 7. NEW ACCOUNTING PRONOUNCEMENTS:

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 Center's year ended December 31, 2019.

In June 2018, the 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 Center's year ended 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 Center's year ended December 31, 2020.

The Center is currently in the process of evaluating the impact of adoption of these ASU's on the financial statements.