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February 17, 2023

Board of Directors  
Lake County Community Services, Inc.  
1450 E. Joliet Street, Suite 202  
Crown Point, IN 46307

We have reviewed the audit report of Lake County Community Services, Inc., which was opined upon by Swartz, Reston & Co., PC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Lake County Community Services, Inc. as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Swartz, Reston & Co., PC prepared the audit report in accordance with the 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**LAKE COUNTY  
COMMUNITY SERVICES, INC.**

DECEMBER 31, 2020 AND 2019

SWARTZ, RETSON & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
235 E. 86TH AVENUE  
MERRILLVILLE, INDIANA 46410

LAKE COUNTY COMMUNITY SERVICES, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT .....	3-4
STATEMENTS OF FINANCIAL POSITION .....	5
STATEMENTS OF ACTIVITIES .....	6
STATEMENTS OF FUNCTIONAL EXPENSES .....	7-8
STATEMENTS OF CASH FLOWS .....	9
NOTES TO THE FINANCIAL STATEMENTS .....	10-17



INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Lake County Community Services, Inc.  
1450 E. Joliet Street  
Crown Point, IN 46307

**Opinion**

We have audited the accompanying financial statements of Lake County Community Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake County Community Services, Inc. as of December 31, 2020 and 2019, 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.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake County Community Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake County Community Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lake County Community Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lake County Community Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Swartz, Peterson & Co., P.C.*

Merrillville, IN  
October 23, 2021

**LAKE COUNTY COMMUNITY SERVICES, INC.**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 307,792	\$ 63,473
Accounts Receivable	354,401	193,274
Receivable from PPPOA	24,800	24,800
Prepaid Expenses	25,339	75,995
Land, Buildings and Equipment - Net	<u>950,214</u>	<u>1,330,114</u>
TOTAL ASSETS	<u>\$1,662,546</u>	<u>\$1,687,656</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Notes Payable	\$ 804,379	\$ 887,553
Capital Lease Payable	19,629	00
Accounts Payable	6,835	23,168
Accrued Taxes and Expenses	39,302	110,618
Deferred Revenue	5,235	13,736
Security Deposits	<u>1,420</u>	<u>1,420</u>
Total Liabilities	876,800	1,036,495
NET ASSETS		
Without Donor Restrictions	<u>785,746</u>	<u>651,161</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,662,546</u>	<u>\$1,687,656</u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
	Without Donor <u>Restrictions</u>	Without Donor <u>Restrictions</u>
REVENUES, GAINS AND OTHER SUPPORT		
Advertising	\$ 33,953	\$ 29,805
Donations	4,000	425
Fare Box Income	66,202	110,290
Fundraising Events	1,959	2,825
Federal Transportation	715,218	481,296
State Transportation	164,056	162,031
In-Kind Contributions	12,951	51,804
Project Income	787	6,076
Local Cash Match	67,970	131,128
Gain (Loss) on Sale of Asset	(34,153)	00
Rental Income	105,702	90,322
County and Township Income	155,766	178,554
Miscellaneous Income	<u>5,312</u>	<u>3,163</u>
Total Revenues, Gains and Other Support	<u>1,299,723</u>	<u>1,247,720</u>
 EXPENSES AND LOSSES		
Program Services	1,113,153	1,200,370
Management and General	51,231	87,407
Fundraising	<u>755</u>	<u>2,304</u>
Total Expenses and Losses	<u>1,165,139</u>	<u>1,290,081</u>
 CHANGE IN NET ASSETS	 134,584	 (42,361)
 NET ASSETS - Beginning of Year	 <u>651,162</u>	 <u>693,522</u>
 NET ASSETS - End of Year	 <u>\$ 785,746</u>	 <u>\$ 651,161</u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>SUPPORTING SERVICES</u>			Total Expenses
	<u>Program Expenses</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	
<b>SALARIES AND RELATED EXPENSES</b>				
Salaries	\$ 507,528	\$ 4,845	\$ 00	\$ 512,373
Payroll Taxes	41,469	396	00	41,865
Payroll Taxes and Benefits	<u>113,332</u>	<u>1,082</u>	<u>00</u>	<u>114,414</u>
Total Salaries and Related Expenses	662,329	6,323	00	668,652
Bad Debt Expense	00	12,274	00	12,274
Bank Fees	00	(25)	00	(25)
Dues	90	00	00	90
Fundraising	00	00	755	755
Insurance	123,798	00	00	123,798
Interest Expense	35,344	3,073	00	38,417
Miscellaneous Expense	12,197	1,061	00	13,258
Office Equipment and Supplies	8,499	739	00	9,238
Postage	1,703	148	00	1,851
Professional Fees	19,281	1,677	00	20,958
Program Expenses	19,410	00	00	19,410
Property Taxes	49	00	00	49
Rent	00	12,951	00	12,951
Repairs and Maintenance	66,515	5,784	00	72,299
Telephone	15,285	1,329	00	16,614
Utilities	28,380	2,468	00	30,848
Vehicle Expense	<u>80,846</u>	<u>00</u>	<u>00</u>	<u>80,846</u>
Total Expenses Before Depreciation	1,073,726	47,802	755	1,122,283
Depreciation	<u>39,428</u>	<u>3,429</u>	<u>00</u>	<u>42,857</u>
<b>TOTAL EXPENSES</b>	<u><b>\$1,113,154</b></u>	<u><b>\$ 51,231</b></u>	<u><b>\$ 755</b></u>	<u><b>\$1,165,140</b></u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>SUPPORTING SERVICES</u>			<u>Total Expenses</u>
	<u>Program Expenses</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	
<b>SALARIES AND RELATED EXPENSES</b>				
Salaries	\$ 543,039	\$ 7,510	\$ 00	\$ 550,549
Payroll Taxes	43,466	601	00	44,067
Payroll Taxes and Benefits	<u>95,958</u>	<u>1,327</u>	<u>00</u>	<u>97,285</u>
Total Salaries and Related Expenses	682,463	9,438	00	691,901
Bank Fees	00	120	00	120
Equipment Rental Expense	2,541	221	00	2,762
Fundraising	00	00	2,304	2,304
Insurance	75,231	00	00	75,231
Interest Expense	38,004	3,305	00	41,309
Miscellaneous Expense	17,390	1,512	00	18,902
Office Equipment and Supplies	11,365	988	00	12,353
Penalties	175	15	00	190
Postage	1,940	169	00	2,109
Printing Expense	4,305	374	00	4,679
Professional Fees	18,199	1,583	00	19,782
Program Expenses	1,597	00	00	1,597
Rent	00	51,804	00	51,804
Repairs and Maintenance	102,128	8,881	00	111,009
Telephone	17,762	1,544	00	19,306
Travel Expenses	1,447	00	00	1,447
Utilities	32,503	2,826	00	35,329
Vehicle Expense	<u>140,111</u>	<u>00</u>	<u>00</u>	<u>140,111</u>
Total Expenses Before Depreciation	1,147,161	82,780	2,304	1,232,245
Depreciation	<u>53,209</u>	<u>4,627</u>	<u>00</u>	<u>57,836</u>
<b>TOTAL EXPENSES</b>	<u>\$1,200,370</u>	<u>\$ 87,407</u>	<u>\$ 2,304</u>	<u>\$1,290,081</u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$134,584	\$ (42,361)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	42,857	57,836
Loss on Disposition of Property	34,153	00
(Increase) Decrease in:		
Accounts Receivable	(161,127)	(6,031)
Prepaid Assets	50,656	6,766
Increase (Decrease) in:		
Accounts Payable	(16,333)	3,108
Other Accrued Taxes and Expenses	(71,316)	(7,015)
Deferred Revenue	<u>(8,501)</u>	<u>11,236</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,973</u>	<u>23,539</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds – Land, Building, and Equipment	325,000	00
Purchases – Land, Building and Equipment	<u>(22,110)</u>	<u>(722)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>302,890</u>	<u>(722)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Additional Borrowings of Notes Payable	16,800	55,000
Proceeds from Capital Lease	20,308	00
Reduction of Principal of Capital Lease	(679)	00
Reduction of Principal of Notes Payable	<u>(99,973)</u>	<u>(35,160)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(63,544)</u>	<u>19,840</u>
 NET INCREASE IN CASH	244,319	42,657
 CASH – Beginning of Year	<u>63,473</u>	<u>20,816</u>
 CASH – End of Year	<u>\$307,792</u>	<u>\$ 63,473</u>
 SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION		
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 38,417</u>	<u>\$ 41,309</u>
 SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING TRANSACTIONS:		
Acquisition of Equipment through Capital Lease	<u>\$ 20,308</u>	<u>\$ 00</u>

The accompanying notes are an integral part of the financial statements.

# LAKE COUNTY COMMUNITY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2020 AND 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

Effective January 1, 2018, the Organization changed its name from South Lake County Community Services to Lake County Community Services to better reflect its geographical service area. Lake County Community Services, Inc. provides basic needs such as food, energy assistance and transportation services to the elderly and others in need in Lake County, Indiana. The Organization serves congregate meals and other programs for the elderly. They also provide the information and referral services necessary to operate an energy assistance program. The Organization provides transportation services to the elderly and disabled. The Organization's major sources of operating revenue are client fees and federal, state, and local transportation revenue, and rental receipts.

#### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is used for both income tax and financial reporting purposes.

#### Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Contributions whose restrictions are met in the same period as the recognition of the contribution are considered unrestricted for reporting purposes.

#### Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions based on the existence or nature of any donor restrictions.

#### Use of Estimates in Preparation of Financial Statements

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

#### Cash

Cash, as presented on the accompanying statement of financial position and statements of cash flows, includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions. Certificates of deposit and other securities with original maturities over 90 days are classified as short-term investments and stated at cost, which approximates market value.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Accounts Receivable

Accounts receivable result from claims to state and local governments for grant funds and fees for services rendered to users. The Organization records bad debts on the direct write-off method when, in management's opinion, an account becomes uncollectible. The direct write-off method is a departure from generally accepted accounting principles. An account is considered delinquent when it is over 90 days old and is then given consideration for write-off. Bad debt expenses calculated using the direct write-off method does not differ materially from those calculated using generally accepted methods. The bad debt expense for the years ended December 31, 2020 and 2019 was \$12,274 and \$0, respectively.

Property and Equipment

Property and equipment and improvements are carried at cost, if purchased. The fair market value of donated assets is also capitalized. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. Depreciation expense was \$42,857 and \$57,836 for the years ended December 31, 2020 and 2019, respectively.

Property and equipment consist of the following at December 31, 2020 and 2019:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>2020</u>			
Equipment	\$ 34,266	\$ 9,380	\$ 24,886
Furniture and Fixtures	1,828	1,828	00
Computer Software	18,403	18,403	00
Office Complex	1,241,146	551,388	689,758
Garage	<u>287,719</u>	<u>52,149</u>	<u>235,570</u>
Total Property and Equipment - Net	<u>\$1,583,362</u>	<u>\$633,148</u>	<u>\$950,214</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
<u>2019</u>			
Equipment	\$ 12,157	\$ 7,660	\$ 4,497
Furniture and Fixtures	1,828	1,828	00
Computer Software	18,403	16,460	1,943
Office Complex	1,241,146	519,387	721,759
Gymnasium	620,121	260,968	359,153
Garage	<u>287,719</u>	<u>44,957</u>	<u>242,762</u>
Total Property and Equipment - Net	<u>\$2,181,374</u>	<u>\$851,260</u>	<u>\$1,330,114</u>

# LAKE COUNTY COMMUNITY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2020 AND 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Income Taxes

Lake County Community Services, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The Internal Revenue Service has given the Organization a favorable determination under Section 501(c)(3) of the Internal Revenue Code, exempting the Organization from taxation.

#### Uncertainty in Income Taxes

The Organization adopted the provisions of standards relating to uncertain tax positions. When applicable, changes in benefits arising from current and prior tax positions taken by the Organization are recognized in the period in which the change occurs. Changes resulting from settlements with taxing authorities are recognized in the period that settlement occurs. Reductions in unrecognized tax benefits as a result of a lapse of the applicable statute of limitations are recognized in the period the statute lapses. Projected penalties and interest recognized on tax positions where it is reasonably possible that the Organization's tax position will not prevail in a review by taxing authorities is recognized as part of current period income tax expense. Management believes that the current and three prior tax periods remain subject to examination by taxing jurisdictions.

#### Sources of Revenue

The Organization's revenues are primarily generated through grants to provide transportation or meal services, donations or fees from consumers for services and general donations, marketable securities, or tangible property.

#### Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization maintains cash in excess of monthly requirements in an interest-bearing savings account.

To help manage unanticipated liquidity needs, the Organization has the ability to borrow funds from a related party.

#### Functional Expense Allocation Methodology

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. The financial statements report certain categories of expenses as attributable to one or more program or supporting functions of the Organization. Those expenses include depreciation, office space, and administrative department. Depreciation and office space are allocated based on square footage; the administrative department allocated a percentage of cost to each program based on the programs budget as it relates to the overall budget of the entire organization.

# LAKE COUNTY COMMUNITY SERVICES, INC.

## NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2020 AND 2019

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### Financial Instruments and Credit Risk

The Organization is a not-for-profit organization providing basic needs to the elderly and others in need in Lake County, Indiana. The Organization's accounts receivable from grantors, municipalities or other entities purchasing services on a contract basis or consumers are unsecured. Unsecured accounts receivable at December 31, 2020 and 2019 are \$354,401 and \$193,274, respectively.

At December 31, 2020, the Organization had \$49,637 in financial institutions in excess of the Federal Deposit Insurance Corporations' (FDIC) insured level of \$250,000. The amount of potential exposure is computed based on the bank's statement balance at December 31, 2020 and is not adjusted for the outstanding checks and other in-transit items reflected in the Company's records.

#### Contributed (In-Kind) Services, Materials and Facilities

Certain contributed services, food and household supplies and facilities are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor. The Organization receives contributed facility use at three local area elderly centers for the operation of its congregate meal program. The Organization records in-kind contributions and space cost expense based on square footage used. During the years ended December 31, 2020 and 2019, the Organization recorded \$12,951 and \$51,804 of contributed space costs, respectively.

### NOTE 2 - ACCOUNTING PRONOUNCEMENTS ADOPTED

In August 2016, the FASB issued Accounting Standards Update ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update 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 expenses and investment return. The Organization has adopted ASU 2016-14 as of and for the year ended December 31, 2018 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ASU 2018-08, Not-for-Profit Entities (Topic 958) - *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This update provides guidance for evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has adopted ASU 2018-08 as of and for the year ended December 31, 2018 and has recognized transactions based on the guidance therein. There were no significant changes in financial statement line items as a result of the adoption of ASU 2018-08.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2020 AND 2019

NOTE 2 - ACCOUNTING PRONOUCEMENTS ADOPTED CONTINUED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs replaces most existing revenue recognition guidance in U.S. GAAP. The goal of ASU 2014-09 is to improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The new guidance requires entities to recognize revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization has adopted ASU 2014-09 as of January 1, 2019, using the modified retrospective approach which requires cumulative effect adjustment to opening retained earnings be recorded for the effects of revenue recognition on years prior to adoption. Management has determined that application of ASU 2014-09 and subsequent amendments did not have a material effect on the financial statements for years prior to adoption and, therefore, a cumulative effect adjustment is not necessary.

NOTE 3 - CAPITAL LEASES

During the year ended June 30, 2020, the Organization started leasing a copier under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease. Accordingly, the Organization has capitalized equipment in the amount of \$20,308 and \$0, less accumulated depreciation in the amount of \$677 and \$0, respectively for the years ended December 31, 2020 and 2019. Depreciation expense was \$677 and \$0 for the years ended December 31, 2020 and 2019, respectively.

Minimum annual lease payments for the term of the leases are as follows:

<u>Year Ended</u>	<u>Amount</u>
December 31, 2021	\$ 4,500
December 31, 2022	4,500
December 31, 2023	4,500
December 31, 2024	4,500
December 31, 2025	<u>3,750</u>
Total Minimum Lease Payments	21,750
Less: Amount Representing Interest	<u>2,121</u>
Total Obligations Under Capital Lease	19,629
Less: Current Installments of Obligations under Capital Leases	<u>3,738</u>
Long Term Obligation Under capital Leases with Interest Rate of 4.25%	<u>\$ 15,891</u>

Obligations under the capital leases are collateralized by leased equipment.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

NOTES TO THE FINANCIAL STATEMENT

DECEMBER 31, 2020 AND 2019

NOTE 4 - NOTES PAYABLE

The Organization has the following notes payable as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Centier Bank, interest at 6.75% monthly payments of \$1,050 including interest, final payment January 2020	\$ 00	\$ 63,228
United States Department of Agriculture, interest at 4.625%, monthly payments of \$4,809 including interest, final payment due June 2, 2043, secured by building with a carrying value of \$689,758	<u>804,319</u>	<u>824,325</u>
Total Notes Payable	804,319	887,553
Less: Current Portion	<u>20,949</u>	<u>83,203</u>
Total Long Term Notes Payable	<u>\$783,370</u>	<u>\$804,350</u>

A summary of maturities for the next five years is as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2021	\$ 20,949
December 31, 2022	\$ 21,938
December 31, 2023	\$ 22,975
December 31, 2024	\$ 24,060
December 31, 2025	\$ 25,197
Beyond five years	\$ 689,200

The Organization had interest expense for the years ending December 31, 2020 and 2019 of \$38,346 and \$41,309, respectively.

NOTE 5 - OPERATING LEASES

The Organization had an operating lease for a copier with a base amount of \$258 per month, plus overages and personal property taxes. The lease was scheduled to run through December 2021 but was bought out in October 2020. The total expense was \$4,382 and \$3,096 for the years ended December 31, 2020 and 2019, respectively.

**LAKE COUNTY COMMUNITY SERVICES, INC.**

NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2020 AND 2019

NOTE 6 - LEASE REVENUE

The Organization leases portions of its operating facilities to third parties. The majority of the rental revenues are from other not-for-profit organizations or governmental units. The facilities are leased under a variety of terms ranging from month-to-month leases to four-year term leases. Rent under term leases may be adjusted to cover increased common area costs and property tax expenses. The cost of rental property was \$1,241,146 and \$1,241,146, and accumulated depreciation was \$ 551,388 and \$519,387 as of December 31, 2020 and 2019, respectively. Future rents under the remaining lease terms are as follows:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2021	\$ 85,595
December 31, 2022	\$ 23,226
December 31, 2023	\$ 16,569

NOTE 7 - RELATED PARTY TRANSACTIONS

At December 31, 2020 and 2019, the Organization has the following related parties, either through common stock ownership and/or the ability to exercise significant control over management of the Organization:

Property Owners Association

Transactions that the Organization paid for on behalf of the PPPOA for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 24,800	\$ 24,800
Total Expenses	00	00
Reimbursements	<u>00</u>	<u>00</u>
Receivable from PPPOA	<u>\$ 24,800</u>	<u>\$ 24,800</u>

NOTE 8 - AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>Amount</u>
Cash	\$307,792
Accounts Receivable	<u>354,401</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$662,193</u>

LAKE COUNTY COMMUNITY SERVICES, INC.

NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2020 AND 2019

NOTE 9 - CONCENTRATION OF REVENUE

During the years ended December 31, 2020 and 2019, Lake County Community Services, Inc. received 12.6% and 43.8% of its operating funding from the programs listed below. No determination as to the effect on the financial statements has been made should the aforementioned funding cease.

	<u>2020</u>		<u>2019</u>	
Federal Transportation Program	\$623,030	47.9%	\$363,834	29.2%
Indiana Transportation Program	<u>164,056</u>	<u>12.6</u>	<u>162,031</u>	<u>13.0</u>
Total	<u>\$787,086</u>	<u>60.5%</u>	<u>\$525,865</u>	<u>42.2%</u>

NOTE 10 - CORONAVIRUS (COVID-19)

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, despite efforts to contain the virus in China that included widespread shutdowns of cities and businesses, the number of those infected grew significantly, and beyond China's borders. During 2020, the coronavirus has spread worldwide, including the United States. The virus continues to spread in the United States and it affects business operations, supply chains, business and leisure travel, commodity prices, consumer confidence and business sentiment, and as companies consider the impact on their businesses of employees working from home and consumers avoiding air travel, stores, restaurants, sports events and other venues, most businesses and industry sectors will be affected. The coronavirus outbreak is still evolving and its effects on the 2020 operating results cannot be reasonably determined.

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 23, 2021, the date the financial statements were available for issuance.