



**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**YEARS ENDED MARCH 31, 2020  
AND 2019**

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
The Lakeside Association and Affiliates  
Lakeside, Ohio

We have audited the accompanying consolidated financial statements of The Lakeside Association and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Lakeside Association and Affiliates as of March 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.

*Barnes Wendling CPAs*

Sandusky, Ohio  
August 4, 2020

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Financial Position

	March 31,	
	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,000,069	\$ 1,935,175
Accounts receivable, net	426,010	325,523
Current portion of pledges receivable	30,678	415,978
Supplies inventory	4,644	6,167
Prepaid expenses	213,545	246,105
<b>TOTAL CURRENT ASSETS</b>	<b>2,674,946</b>	<b>2,928,948</b>
<b>Property and Equipment</b>		
Land and land improvements	11,616,443	9,902,993
Buildings and fixed equipment	15,699,745	14,742,430
Equipment	4,190,167	4,094,750
Construction in progress	891,069	1,636,701
	<u>32,397,424</u>	<u>30,376,874</u>
Less accumulated depreciation	<u>18,227,750</u>	<u>17,345,724</u>
	14,169,674	13,031,150
<b>Other Assets</b>		
Pledges receivable, net of current portion	-0-	315,500
Fiduciary investments	226,069	240,563
Endowment investments	6,509,976	6,863,268
Association investments	680,303	-0-
Other assets	26,168	26,168
Goodwill, net	20,000	30,000
	<u>7,462,516</u>	<u>7,475,499</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 24,307,136</u></b>	<b><u>\$ 23,435,597</u></b>

See Notes to Consolidated Financial Statements

	March 31,	
	2020	2019
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 400,629	\$ 448,089
Accrued salaries and wages	186,943	211,547
Deferred revenue	702,699	782,661
Accrued expenses	4,950	8,500
Line of credit	1,483,835	773,835
Current portion of notes payable	73,018	269,372
Current portion of obligations under annuity agreements	7,652	7,652
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,859,726</b>	<b>2,501,656</b>
<b>Long-Term Liabilities</b>		
Notes payable, less current portion	1,059,548	366,805
Obligations under annuity agreements, less current portion	23,663	23,663
	<b>1,083,211</b>	<b>390,468</b>
<b>TOTAL LIABILITIES</b>	<b>3,942,937</b>	<b>2,892,124</b>
<b>Net Assets</b>		
Without donor restriction		
Undesignated	13,042,278	12,084,624
Designated by the Board for endowment	1,928,030	1,847,105
Regulatory-restricted endowment funds	71,986	64,992
With donor restriction		
Development fund	617,191	1,386,333
Fiduciary fund	194,754	209,248
Endowment funds	4,509,960	4,951,171
<b>TOTAL NET ASSETS</b>	<b>20,364,199</b>	<b>20,543,473</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 24,307,136</b>	<b>\$ 23,435,597</b>

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Activities and Changes in Net Assets

	Year Ended March 31, 2020		
	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Program revenue	\$ 9,482,257		\$ 9,482,257
Contributions and bequests	869,089	\$ 775,786	1,644,875
Burial fees	28,500		28,500
Investment income, net	( 168,537)	( 447,118)	( 615,655)
Change in annuity agreements, net		( 7,652)	( 7,652)
Total revenue and other support	10,211,309	321,016	10,532,325
Endowment appropriation	186,970	( 186,970)	-0-
Net assets released from restrictions	1,358,893	( 1,358,893)	-0-
	11,757,172	( 1,224,847)	10,532,325
<b>EXPENSES</b>			
Program - Chautauqua	8,640,807		8,640,807
General and administrative	1,779,350		1,779,350
Fundraising	291,442		291,442
Total expenses	10,711,599	-0-	10,711,599
Changes in net assets	1,045,573	( 1,224,847)	( 179,274)
Net assets, beginning of year	13,996,721	6,546,752	20,543,473
<b>NET ASSETS, end of year</b>	<b>\$15,042,294</b>	<b>\$ 5,321,905</b>	<b>\$20,364,199</b>

See Notes to Consolidated Financial Statements

	Year Ended March 31, 2019		
	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Program revenue	\$ 8,516,005		\$ 8,516,005
Contributions and bequests	650,811	\$2,268,205	2,919,016
Burial fees	37,700		37,700
Investment income, net	81,001	191,282	272,283
Gain on sale of property and equipment	630		630
Change in annuity agreements, net		( 7,652)	( 7,652)
Total revenue and other support	9,286,147	2,451,835	11,737,982
Endowment appropriation	167,180	( 167,180)	-0-
Net assets released from restrictions	2,955,373	( 2,955,373)	-0-
	12,408,700	( 670,718)	11,737,982
<b>EXPENSES</b>			
Program - Chautauqua	7,880,904		7,880,904
General and administrative	1,572,553		1,572,553
Fundraising	354,710		354,710
Total expenses	9,808,167	-0-	9,808,167
Changes in net assets	2,600,533	( 670,718)	1,929,815
Net assets, beginning of year	11,396,188	7,217,470	18,613,658
<b>NET ASSETS, end of year</b>	<b>\$13,996,721</b>	<b>\$6,546,752</b>	<b>\$20,543,473</b>

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Functional Expenses

	Year Ended March 31, 2020			Total
	Chautauqua Program	General and Administrative	Fundraising	
Salaries and wages	\$ 2,215,368	\$ 589,339	\$ 150,637	\$ 2,955,344
Payroll taxes	203,777	53,372	12,429	269,578
Employee benefits	285,442	191,918	30,520	507,880
Program contracts	1,001,804	306,909	6,922	1,315,635
Supplies	304,293	26,692	5,705	336,690
Depreciation and amortization	892,910	6,831	5,866	905,607
Utilities, telephone, and rubbish removal	512,873	63,761	451	577,085
Maintenance and repairs	456,623	20,415	1,653	478,691
Advertising and publications	117,752			117,752
Travel and auto	49,463	9,047	19,056	77,566
Food service and lodging	368,768	11,351	2,944	383,063
Professional fees	297,000	116,912	2,186	416,098
Bank charges	46,990	192,111		239,101
Insurance	131,673	13,628		145,301
Taxes	124,662	30,959		155,621
Lease payments	149,862	59,469	1,904	211,235
Promotional	112,835		49,651	162,486
Interest expense	6,982	61,833		68,815
Miscellaneous	120,857	24,803	1,518	147,178
Realty commissions	1,240,873			1,240,873
Total expenses reported by function	<u>\$ 8,640,807</u>	<u>\$ 1,779,350</u>	<u>\$ 291,442</u>	<u>\$10,711,599</u>



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	Year Ended March 31, 2019			
	Chautauqua Program	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,858,397	\$ 642,681	\$ 195,519	\$ 2,696,597
Payroll taxes	197,804	54,661	15,743	268,208
Employee benefits	247,343	200,288	31,753	479,384
Program contracts	1,044,643	90,884	12,032	1,147,559
Supplies	268,149	28,220	9,935	306,304
Depreciation and amortization	839,739	7,356	5,807	852,902
Utilities, telephone, and rubbish removal	495,018	62,845	1,825	559,688
Maintenance and repairs	469,001	19,474	14,112	502,587
Advertising and publications	112,867			112,867
Travel and auto	49,708	26,606	22,933	99,247
Food service and lodging	435,341	10,284	3,646	449,271
Professional fees	80,206	102,670	4,619	187,495
Bank charges	46,080	175,899		221,979
Insurance	127,114	13,258		140,372
Taxes	118,642	10,917		129,559
Lease payments	154,028	52,067	2,646	208,741
Promotional	82,357		33,344	115,701
Interest expense	7,136	45,747		52,883
Miscellaneous	70,176	28,696	796	99,668
Realty commissions	1,177,155			1,177,155
Total expenses reported by function	<u>\$ 7,880,904</u>	<u>\$ 1,572,553</u>	<u>\$ 354,710</u>	<u>\$ 9,808,167</u>

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Cash Flows

	Years Ended March 31,	
	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Changes in net assets:	(\$ 179,274)	\$ 1,929,815
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	895,607	842,902
Amortization of goodwill	10,000	10,000
Decrease in allowance for doubtful accounts	( 2,390)	( 4,547)
Realized/unrealized (gain) loss on investments	761,793	( 152,146)
Gain on the sale of property and equipment	-0-	( 630)
Contributions restricted for long-term investment	( 186,033)	( 239,044)
Change in annuity agreements, net	7,652	7,652
(Increase) decrease in assets:		
Accounts receivable	( 98,097)	( 17,150)
Pledges receivable	700,800	( 195,121)
Supplies inventory	1,523	106
Prepaid expenses	32,560	( 33,760)
Increase (decrease) in liabilities:		
Accounts payable	( 47,460)	227,781
Accrued salaries and wages	( 24,604)	22,025
Deferred revenue	( 79,962)	88,191
Accrued expenses	( 3,550)	( 550)
Net cash provided by operating activities	1,788,565	2,485,524
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	( 1,481,131)	( 1,648,378)
Proceeds from sale of equipment	-0-	630
Purchases of investments	( 1,893,108)	( 1,480,808)
Payments to annuitants	( 7,652)	( 7,652)
Proceeds from sale of investments	818,798	1,367,915
Net cash used in investing activities	( 2,563,093)	( 1,768,293)
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for long-term investment	186,033	239,044
Proceeds from line of credit	1,175,000	385,000
Repayments on line of credit	( 465,000)	( 740,000)
Payments on notes payable	( 56,611)	( 42,610)
Net cash provided by (used in) financing activities	839,422	( 158,566)
Net increase in cash and cash equivalents	64,894	558,665
Cash and cash equivalents at beginning of year	1,935,175	1,376,510
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,000,069</b>	<b>\$ 1,935,175</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for:		
Interest	\$ 68,815	\$ 52,883
Income taxes	\$ 1,841	\$ 19,000

See Notes to Consolidated Financial Statements

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Activities**

The Lakeside Association was incorporated in the State of Ohio in 1919 as a not-for-profit association providing religious, educational, cultural, and recreational programs upon the plan or system known as the Chautauqua plan to Lakeside residents and guests. The Lakeside Association generates revenues from the summer programs and providing municipal services to the Lakeside homeowners.

#### **Basis of Accounting**

The consolidated financial statements of the Lakeside Association have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Association are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Entities* issued by the American Institute of Certified Public Accountants.

#### **Consolidated Financial Statements**

The accompanying consolidated financial statements present the consolidated statements of financial position, statements of activities and changes in net assets, and cash flows of The Lakeside Association, its wholly owned subsidiaries Lakeside Chautauqua Realty, LLC (LCR) and The Memorial Garden LLC, and a related not-for-profit, Lakeside Chautauqua Foundation (Foundation), collectively, the (Association). All intercompany transactions and balances have been eliminated in the consolidation.

#### **Basis of Presentation**

The Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

#### **Net Assets without Donor Restriction**

Net assets not subject to donor imposed restrictions. This includes net assets endowment funds designated by the board of directors, which are subject to the spending policy as further described in Note E. This also includes net assets designated to an endowment in accordance with Ohio Revised Code 1721.21. The Association's regulatory restricted - perpetual care endowment is described in Note M to the consolidated financial statements.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

##### Net Assets with Donor Restriction

Net assets subject to donor imposed restriction. Some donor imposed restrictions are temporary in nature, such as those met by passage of time or other events specified by the donor. Donor imposed restrictions temporary in nature are included in the Association's development fund and fiduciary fund. The development fund represents donor-restricted contributions not yet used for the donor specified purpose. The fiduciary fund consists of investments held under charitable remainder gift annuities and charitable remainder unitrusts, net of the present value of the liabilities to the annuitants and trust beneficiaries for future payments. The fiduciary fund net assets are restricted until the death of the annuitant or trust beneficiaries, at which time the remaining trust assets are available to the Association. Other donor imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity, as further described in Note E.

##### Change in Accounting Principle

In May 2014, the FASB issued Accounting Standards Update (ASU) *Revenue from Contracts with Customers*, which supersedes many of the current revenue recognition requirements. The underlying principle is an entity will recognize revenue to depict the transfer of goods or services to customers at an amount the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

In June 2018, the FASB issued ASU *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires organizations to determine whether a contribution is conditional based on whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If the agreement (or a referenced document) includes both, the recipient is not entitled to the transferred assets (or future transfer of assets) until it has overcome the barriers in the agreement.

The Association adopted both ASUs in the year ended March 31, 2020 using a full retrospective method of application. The results of adopting both ASUs using the retrospective approach had no impact on the financial position, changes in net assets, cash flows, business processes, controls or systems of the Association. The adoption of both ASUs resulted in changes to the disclosure of revenue.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents exclude any cash or cash equivalents maintained in a professional investment account. The Association's cash balances may exceed the insured amount from time to time.

#### Accounts Receivable

Accounts receivable are generally homeowner assessments requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reduced by a valuation allowance reflecting management's best estimate of the amounts not to be collected. Unpaid accounts receivable bear interest of 1.50% per month after 30 days. Management individually reviews all accounts receivable balances exceeding 60 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance not to be collected. The Association's policy is to place liens on the property of homeowners whose assessments due are more than 60 days delinquent and exceed \$2,000. Accounts are written off when deemed uncollectible. At March 31, 2020 and 2019, the allowance for doubtful accounts was \$8,672 and \$11,062, respectively. Bad debt expense was \$7,329 and (\$2,294), respectively, for the years ended March 31, 2020 and 2019.

#### Supplies Inventory

Supplies inventory consists of maintenance supplies and is stated at the lower of cost, determined by the first-in, first-out method (FIFO) or net realizable value.

#### Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are stated at fair value at the time of the donation. All property and equipment are being depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from five to forty years. The Association's policy is to capitalize assets greater than \$1,000 with a useful life of more than one year. The Association holds legal title to all land within the gates of the Association. Homeowners own the cottages built on the land owned by the Association.

Repairs and maintenance are charged to expense as incurred, whereas the costs of property and equipment additions and improvements are capitalized. Depreciation and amortization expense for the years ended March 31, 2020 and 2019 was \$895,607 and \$842,902, respectively.

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Investments

The Association's investments consist of fiduciary investments, endowment investments, and Association investments. Fiduciary investments are investments held under split interest agreements as further described in Note F. Endowment investments are further described in Note E. Association investments are comprised of contributions without donor restriction invested for the purpose of earning investment income on cash intended for future needs.

#### Goodwill

The Association evaluates impairment of goodwill whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable. The Association amortizes goodwill over 9 years. The cost of the goodwill at March 31, 2020 and 2019 was \$90,000. Accumulated amortization for the years ended March 31, 2020 and 2019 was \$70,000 and \$60,000, respectively. Amortization expense for the years ended March 31, 2020 and 2019 was \$10,000. The annual amortization expense recognized over the next 2 years will be \$10,000, per year.

#### Deferred Revenue

Deferred revenue represents various deposits received from hotel guests and cottage rentals received in advance of their stay. Deferred revenue also represents burial placement fees received in advance of placing the remains of loved ones in the Memorial Garden LLC.

#### Revenue Recognition

##### *Program Revenue*

Program revenue is recognized as revenue when goods are rendered or services performed. The performance obligation is satisfied upon delivery of the goods or satisfaction of the service requirements. Fees for goods and services received prior to year end for goods not yet rendered or services not yet performed are reported as deferred revenue on the consolidated statements of financial position. Program revenue consists of the following:

	Year Ended March 31,	
	2020	2019
Admission charges	\$ 3,816,354	\$ 3,483,751
Assessment fees	1,376,273	1,030,686
Cottage rentals	1,293,626	1,322,231
Facility rentals	511,053	523,788
Hotel accommodations	958,301	930,328
Commercial rental	175,106	161,405
Other programmatic revenue	765,341	631,870
Realty gross commissions	586,203	431,946
	<u>\$ 9,482,257</u>	<u>\$ 8,516,005</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue Recognition (Continued)

**Admission charges:** The Association's gates are generally in operations at all entrances to the Association's grounds beginning Memorial Day weekend through Labor Day weekend (the Association's season). Operation of the gates is considered paramount to controlling access to the Association's events and venues and maintaining a safe and secure environment for all during the Association's season. Individuals entering the Association's gates must purchase a pass for entry and a parking pass if a vehicle is being parked inside the Association's gates or in allowable parking locations outside of the Association's gates. Both gate and parking passes may be purchased for a day, multiple days, a partial day, or for the Association's season.

**Assessment Fees:** The Association's homeowners are subject to annual assessments, which are billed at the end of each calendar quarter, to provide funds for the Association's street and sanitary related expenses and capital repairs. Assessment fees are assessed based on a rate set annually multiplied by the property value of each homeowner, as assessed by the county. The annual set rate for the years ended March 31, 2020 and 2019 was 0.308%. Beginning in the quarter ended September 2019 and for a total of six quarters, the annual assessment rate increased to 0.438% to fund engineering work associated with future infrastructure improvements. Included in billings for assessment fees are fees associated with trash collection. Trash collection fees were \$237 per year per cottage for the years ended March 31, 2020 and 2019. Assessment fee revenue is recognized over the assessment period.

**Cottage rentals:** LCR provides vacation rental services to the Association's homeowners who rent out their cottages to visitors of the Association. LCR promotes homes available for rent, books reservations, and handles collections of rental fees. The Association's homeowners receive commissions for the rental of their cottage at a rate of 80% of the rental fee. LCR retains 20% of the rental fee. Cottage rental revenue also includes fees charged for cottage maintenance. Cottage rental revenue and owner cottage rental commissions are reported gross on the consolidated statements of activities. Cottage rental revenue and owner cottage rental commissions are recognized when the rentals take place. Cottage rental revenue net of owner cottage rental commissions was:

	Year Ended March 31,	
	2020	2019
Cottage rentals revenue	\$ 1,293,626	\$ 1,322,231
Owner cottage rentals commissions	( 913,109)	( 928,853)
Cottage rental revenue, net	<u>\$ 380,517</u>	<u>\$ 393,378</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Revenue Recognition (Continued)

**Facility rental, hotel accommodations, and other programmatic revenue:** Facility rental, hotel accommodations, and other programmatic revenue are recognized when the rentals take place, over the period of stay at one of the Association's hotels, or programs take place.

**Commercial rental income:** Property rental income related to commercial property leases is recognized on an accrual basis over the terms of the related leases on a straight-line basis. Amounts received in advance are recorded as a liability within deferred revenue. Tenant chargebacks and common area maintenance are recognized in the period earned.

**Realty gross commissions:** LCR provides real estate sale services inside the Association's gates and in the surrounding areas. LCR pays commissions to real estate agents and brokers upon sale of the real estate based on contractually agreed upon rates. The realty gross commissions and real estate agent and broker commissions are reported gross on the consolidated statements of activities. Realty gross commissions and real estate agent and broker commissions are recognized when the real estate sale is complete. Realty gross commission net of real estate agent commissions was:

	Year Ended March 31,	
	2020	2019
Realty gross commissions	\$ 586,203	\$ 431,946
Real estate agent and broker commissions	( 327,764)	( 248,302)
Realty commissions, net	<u>\$ 258,439</u>	<u>\$ 183,644</u>

#### *Contributions and Bequests*

The Association recognizes contributions and bequests in the period in which cash, securities, pledge or grant (unconditional promises to give), or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as contributions until the conditions on which they depend are met.

#### *Burial Fees*

Burial fee revenue is recognized as revenue when the ashes of the deceased are placed in the Memorial Garden at Chautauqua Park. The performance obligation is satisfied upon satisfaction of the service requirements. Burial fees received prior to year end for services not yet performed are reported as deferred revenue on the consolidated statements of financial position.



# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Revenue Recognition (Continued)**

##### *Investment income*

Investment income includes realized and unrealized gains and losses, and interest and dividends, net of fees reported in the changes in net assets in the accompanying statements of activities and changes in net assets.

#### **Donated Services and Materials**

The Association receives volunteer services and materials not reportable under accounting principles generally accepted in the United States of America. A substantial number of unpaid volunteers have donated a significant amount of time to the Association's program and fundraising efforts. However, these services are not reflected in the consolidated financial statements because they have not met standards required by accounting principles generally accepted in the United States of America.

#### **Collections**

The primary focus of the collection is to maintain, exhibit, interpret, and engage visitors with works of art. Collections acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted assets and as decreases in net assets with donor restrictions if purchased with donor-restricted funds. Contributions of collection items are not recognized in the consolidated statement of activities. Proceeds from deaccessions or insurance recoveries are reflected on the consolidated statements of activities and changes in net assets based on the absence or existence and nature of donor-imposed restrictions.

#### **Advertising**

Advertising costs are charged to expense in the period the advertising first takes place. Advertising expense was \$117,752 and \$112,867, respectively, for the years ended March 31, 2020 and 2019.

#### **Functional Allocation of Expenses**

The consolidated financial statements report certain categories of expenses attributed to more than one program or supporting function. Expenses identified with a specific program or supporting function are recorded directly according to their natural expense classification. Certain expenses relate to more than one function and require allocation on a reasonable basis consistently applied. The expenses allocated include salaries and wages, payroll taxes, employee benefits, depreciation, utilities and rubbish, maintenance and repairs, telephone, and miscellaneous, which are allocated based on an analysis by management of employee time spent within each functional area.

#### **Reclassification**

Certain amounts in the March 31, 2019 consolidated financial statements have been reclassified to conform to the March 31, 2020 consolidated financial statement presentation. These reclassifications had no effect on total assets, total liabilities, net assets, or changes in net assets.

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Subsequent Events

Subsequent events have been evaluated through August 4, 2020, which is the date the consolidated financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel strain of coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The Association cannot reasonably estimate the length or severity of this pandemic, but the Association expects this matter to negatively impact the Association, results of operations, and financial position. The financial impact cannot be reasonably estimated at this time.

In April 2020, the Association applied for and received a Paycheck Protection Program loan of \$652,300. The loan is payable over two years with a stated interest rate of 1.00% and has the potential to be forgiven if the Association meets certain wage and other spending criteria during 2020.

In May 2020, the Association executed an agreement for an unsecured demand line of credit with a bank with maximum borrowings of \$500,000 at the prime interest rate.

### NOTE B - LIQUIDITY AND AVAILABILITY

The Association regularly monitors the availability of resources required to meet its operating needs while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing programs and support services to be general expenditures. The Association also has access to a line of credit, making up to \$500,000 available for immediate cash needs, see Note G for further details.

The Association's board has designated a portion of its resources without donor restriction as a board designated endowment fund. These funds are invested for long-term appreciation and current income but remain available and may be spent for general expenditures at the discretion of the board.

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE B - LIQUIDITY AND AVAILABILITY (CONTINUED)

As of March 31, 2020, the following table shows financial assets held by the Association which could readily be made available within one year of the balance sheet date to meet general expenditures:

	March 31,	
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,543,391	\$ 1,533,502
Accounts receivable, net	426,010	325,523
Association investments	680,303	-0-
Contributions for general expenditures due in one year or less	-0-	300,000
Endowment spending rate distributions and appropriations over the next 12 months	<u>263,573</u>	<u>258,512</u>
	<u>\$ 2,913,277</u>	<u>\$ 2,417,537</u>

### NOTE C - PLEDGES RECEIVABLE

The Association reports pledges receivable at net realizable value. Pledges represent unconditional promises to give from donors. Pledges receivable expected to be collected within one year are recorded at net realizable. Pledges expected to be collected in future years are recorded at the present value of their estimated future cash flows, computed using a risk adjusted discount rate applicable to the years in which the promises are expected to be received. All grants and pledges receivable are expected to be received during the year ending March 31, 2021.

Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account or against earnings as bad debt expense. In the opinion of management, no allowance was necessary at March 31, 2020 and 2019.

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE D - FAIR VALUE MEASUREMENTS

Fair value is defined as the price the Association would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. There is a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Association's financial instruments.

The inputs are summarized in the three broad levels listed below:

Level 1 - quoted prices in active markets for identical assets.

Level 2 - quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - the valuation technique includes one or more inputs that are significant and unobservable (including the Association's own assumptions in determining fair value of the assets).

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The Association's investments are all valued at level 1 inputs.

The Association's investments accounted at fair value are summarized below:

	March 31,	
	2020	2019
Money market funds	\$ 698,185	\$ 336,521
Equity mutual funds	4,757,135	5,612,329
Fixed income mutual funds	1,961,028	1,154,981
Total	<u>\$ 7,416,348</u>	<u>\$ 7,103,831</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used to measure the investments at fair value as of March 31, 2020 and 2019. There have been no changes in the methodologies used as of March 31, 2020 and 2019.

Money market funds, equity mutual funds, and fixed income mutual funds are valued at the net asset value of shares held by the Association at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

The table below sets forth a summary of changes in fair value of the Association's level 3 assets for the years ended March 31, 2020 and 2019:

Balance as of April 1, 2018	\$ 109,260
Purchases and (sales), net	( 100,512)
Unrealized and realized gains (losses), net	<u>( 8,748)</u>
Balance as of March 31, 2019	<u>\$ -0-</u>

### NOTE E - ENDOWMENT

The Association's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors, in accordance with the gift acceptance policy of the Foundation's Board of Directors, to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Association has interpreted the Unified Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA.

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE E - ENDOWMENT (CONTINUED)

In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

#### **Return Objectives and Risk Parameters**

The Association has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Association must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to produce above average investment yield while assuming a moderate level of investment risk. The Association expects its endowment assets over time to provide an average long-term rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Association uses a diversified asset allocation placing a greater emphasis on equity based investments and a total return strategy in which investment returns are achieved through both capital appreciation and current return.

#### **Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Association has a policy of appropriating for expenditure each year 4% of the endowment assets average fair value at the end of the three years preceding the year in which the appropriation is planned. In establishing this policy, the Association considered the long-term expected rate of return on its endowment assets. Accordingly, over the long term, the Association expects the current spending policy to allow the endowment to grow an average 4% annually. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

# LAKESIDE ASSOCIATION AND AFFILIATES

## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE E - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of March 31, 2020:

	Without Donor Restriction	With Donor Restricted	Total
Board-designated			
Board-designated endowment funds	\$ 1,928,030		\$ 1,928,030
Regulatory-restricted endowment funds	71,986		71,986
Donor restricted			
Original donor-restricted gift		\$ 3,745,490	3,745,490
Accumulated investment gains		764,470	764,470
Total	<u>\$ 2,000,016</u>	<u>\$ 4,509,960</u>	<u>\$ 6,509,976</u>

Changes in endowment net assets for the year ended March 31, 2020:

	Without Donor Restriction	With Donor Restricted	Total
Endowment net assets, beginning of year	\$ 1,912,097	\$ 4,951,171	\$ 6,863,268
Investment income, net	( 163,495)	( 440,274)	( 603,769)
Contributions	321,006	186,033	507,039
Burial fees	1,950		1,950
Appropriation	<u>( 71,542)</u>	<u>( 186,970)</u>	<u>( 258,512)</u>
Endowment net assets, end of year	<u>\$ 2,000,016</u>	<u>\$ 4,509,960</u>	<u>\$ 6,509,976</u>

Endowment net asset composition by type of fund as of March 31, 2019:

	Without Donor Restriction	With Donor Restricted	Total
Board-designated endowment funds	\$ 1,847,105		\$ 1,847,105
Regulatory-restricted endowment funds	64,992		64,992
Donor restricted			
Original donor-restricted gift		\$ 3,559,457	3,559,457
Accumulated investment gains		1,391,714	1,391,714
Total	<u>\$ 1,912,097</u>	<u>\$ 4,951,171</u>	<u>\$ 6,863,268</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE E - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended March 31, 2019:

	Without Donor Restriction	With Donor Restricted	Total
Endowment net assets, beginning of year	\$ 1,902,549	\$ 4,696,005	\$ 6,598,554
Investment income, net	72,308	183,304	255,612
Contributions		239,042	239,042
Burial fees	1,350		1,350
Appropriation	<u>( 64,110)</u>	<u>( 167,180)</u>	<u>( 231,290)</u>
Endowment net assets, end of year	<u>\$ 1,912,097</u>	<u>\$ 4,951,171</u>	<u>\$ 6,863,268</u>

### NOTE F - SPLIT INTEREST AGREEMENTS

#### Charitable Gift Annuities

The Association is the beneficiary of several charitable gift annuities. The assets are recorded at fair value at the date of initial recognition. At March 31, 2020 and 2019, total assets of \$226,069 and \$240,563, respectively, were held by the Association, which are included in fiduciary investments on the consolidated statements of financial position.

Under the terms of the trust agreements, designated beneficiaries receive regular payments from the trust assets for the beneficiaries remaining lives. Upon death of the beneficiaries, the assets are to be retained for the Association's unrestricted use. At March 31, 2020 and 2019, liabilities of \$31,315 were recognized as obligations under annuity agreements. The liabilities represent the present value of the expected beneficiary payments calculated based on the estimated life of the beneficiaries and a discount rate. The discount rate used to calculate the present value was 5%.



# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE G - LINES OF CREDIT

The Association has an unsecured demand line of credit with a bank with maximum borrowings of \$500,000 at the prime interest rate (3.25% at March 31, 2020). At March 31, 2020 and 2019, the Association had borrowings outstanding of \$500,000 and \$385,000, respectively. The line of credit renews on an annual basis.

The Association has a demand line of credit secured by certain investments of the Association with maximum borrowings of \$1,000,000 at LIBOR (0.92% at March 31, 2020) plus 1.50% maturing in September 2020. At March 31, 2020 and 2019, the Association had borrowings outstanding of \$983,835 and \$388,835, respectively.

The Association entered into an additional demand line of credit agreement in May 2020, as described in the subsequent events disclosures in Note A to the consolidated financial statement.

### NOTE H - NOTES PAYABLE

Notes payable include the following:

	March 31,	
	2020	2019
Note payable to Huntington National Bank, payable in monthly installments of \$1,469 including interest at a rate of 5.35%, balance due December 2019. The note is secured by real property known as the Smith Building.	124,095	134,736
Note payable to Huntington National Bank, payable in monthly installments of \$1,873 including interest at a rate of 5.00%, balance due January 2034. The note is secured by real property located on Walnut Street.	223,326	234,146
Note payable to Huntington National Bank, payable in monthly installments of \$1,823, including interest at a rate of 4.67%, balance due December 2019. The note is secured by real property located at the Memorial Garden and Lakeside Chautauqua Park.	-0-	186,690
Note payable to Huntington National Bank, payable in monthly installments of \$1,824, including interest at a rate of 4.24%, balance due December 2029. The note is secured by real property located at the Memorial Garden and Lakeside Chautauqua Park.	174,373	-0-

# LAKESIDE ASSOCIATION AND AFFILIATES

## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE H - NOTES PAYABLE (CONTINUED)

	March 31,	
	<u>2020</u>	<u>2019</u>
Note payable to Huntington National Bank, payable in monthly installments of \$869, including interest at a rate of 4.58%, balance due December 2019. The note is secured by real property located on Vine Street.	-0-	53,819
Note payable to Huntington National Bank, payable in monthly installments of \$892, including interest at a rate of 3.99%, balance due December 2024. The note is secured by real property located on Vine Street.	46,287	-0-
Note payable to Huntington National Bank, payable in monthly installments of \$944, including interest at a rate of 4.15%, balance due June 2024. The note is secured by real property located on Poplar Avenue.	149,193	-0-
Note payable to Huntington National Bank, payable in monthly installments of \$6,449, including interest at a rate of 3.50%, balance due December 2024. The note is secured by real property located on East 6th Street.	395,825	-0-
Note payable to Huntington National Bank, payable in monthly installments of \$452, including interest at a rate of 4.32%, balance due December 2021. The note is secured by a specific vehicle.	8,943	13,893
Note payable to Huntington National Bank, payable in monthly installments of \$262, including interest at a rate of 7.02%, balance due November 2023. The note is secured by a specific vehicle.	10,524	12,893
	<u>1,132,566</u>	<u>636,177</u>
Less current-portion	73,018	269,372
Long-term portion of notes payable	<u>\$ 1,059,548</u>	<u>\$ 366,805</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE H - NOTES PAYABLE (CONTINUED)

Future maturities of notes payable are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2021	73,018
2022	75,221
2023	74,656
2024	152,084
2025	503,396
Thereafter	254,191
	<u>\$ 1,132,566</u>

Interest expense was \$68,815 and \$52,883 during the years ended March 31, 2020 and 2019, respectively.

### NOTE I - NET ASSETS WITH DONOR RESTRICTION

Net assets were restricted by donors for the following purposes:

	March 31,	
	<u>2020</u>	<u>2019</u>
Development fund		
Building and Grounds	\$ 398,352	\$ 549,211
Programming	218,339	237,122
Available for subsequent years' activities	500	600,000
	<u>617,191</u>	<u>1,386,333</u>
Fiduciary fund: Charitable gift annuities, net	194,754	209,248
Endowment:		
Original donor-restricted gift	3,745,490	3,559,457
Accumulated investment gains	764,470	1,391,714
	<u>4,509,960</u>	<u>4,951,171</u>
Total net assets with donor restriction	<u>\$ 5,321,905</u>	<u>\$ 6,546,752</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE J - EMPLOYEE BENEFIT PLANS

The Association maintains two employee benefit plans, a defined contribution profit-sharing plan and a 401(k) voluntary tax-deferred annuity plan for the benefit of its employees.

Under the defined contribution profit-sharing plan, the Association contributes a percent of eligible employees' annual compensation. The contribution percentage is at the discretion of the Board of Directors and is determined annually. Employees become vested in the plan after three years of service. The Association contributed \$55,419 and \$61,992, respectively, under the plan during the years ended March 31, 2020 and 2019.

Under the 401(k) voluntary tax-deferred annuity plan, the Association contributes one dollar for every two dollars contributed to the plan by the employee up to a maximum of 4% of the employee's gross salary. The Association contributed \$59,345 and \$77,422, respectively, to the plan during the years ended March 31, 2020 and 2019.

### NOTE K - OPERATING LEASES

The Association leases certain office equipment and a vehicle under operating lease agreements that expire at various dates through December 2020. Total rent expense from the leases for the years ended March 31, 2020 and 2019 was \$26,052 and \$28,842, respectively.

The Association leases submerged land under an operating lease agreement that expires in April 2046. Total rent expense on the lease for the years ended March 31, 2020 and 2019 was \$402.

Minimum future rental payments under all non-cancelable operating leases having remaining terms in excess of one year are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2021	\$ 23,156
2022	6,258
2023	1,513
2024	402
2025	402
Thereafter	8,469
	<u>\$ 40,200</u>

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE L - INCOME TAXES

The Lakeside Association and the Lakeside Chautauqua Foundation are exempt from the federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association and Foundation have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a)(2) of the Internal Revenue Code.

Lakeside Chautauqua Realty, LLC and The Memorial Garden LLC, wholly owned subsidiaries of the Lakeside Association, are disregarded entities for tax purposes. Therefore, all activity of Lakeside Chautauqua Realty, LLC and The Memorial Garden LLC are reported on the tax returns of The Lakeside Association. Because the activity of Lakeside Chautauqua Realty, LLC and The Memorial Garden LLC are not within the tax exempt purpose of The Lakeside Association, it is taxed as unrelated business income. A provision for income taxes is recorded based on unrelated business income. Current income tax expense is based on taxable income computed under the requirements of the Internal Revenue Code.

Income tax expense for the years ended March 31, 2020 and 2019 was \$28,202 and \$6,026, respectively. The Association did not identify any material unrecognized tax benefits upon evaluation of tax positions taken and therefore, there was no material effect on the Association's financial condition or results of operations upon adoption. The Association evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Association's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of March 31, 2020 and 2019, the Association had no accrued taxes, interest or penalties related to uncertain tax positions. The Association estimates the unrecognized tax benefit will not change significantly within the next twelve months.

### NOTE M - REGULATORY RESTRICTED – PERPETUAL CARE ENDOWMENT

The Memorial Garden LLC is considered a cemetery under Ohio state laws. Ohio state cemetery and funeral laws (Laws) mandate cemetery owners establish an endowment care trust fund, segregated from other assets, and initially deposit \$50,000 in the fund. Laws mandate cemeteries further designate a certain percentage of burial site sales to this fund. The Association established a policy of allocating 10% of cash receipts from placement fees will be designated into the endowment care trust for perpetual care and maintenance.

The balance in this endowed fund at March 31, 2020 and 2019 was \$71,986 and \$64,992, respectively.

# LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2020 and 2019

### NOTE N - SUPPLEMENTAL DISCLOSURE NON CASH FINANCING ACTIVITIES

During the year ended March 31, 2019, the Association purchased a vehicle with debt of \$13,199.

During the year ended March 31, 2019, the Association refinanced its debt. The proceeds from the new loan was used to repay \$235,709 of a term loan.

During the year ended March 31, 2020, the Association purchased real property on Poplar Street with debt of \$153,000.

During the year ended March 31, 2020, the Association purchased real property on East 9<sup>th</sup> Street with debt of \$400,000.

During the year ended March 31, 2020, the Association refinanced its debt. The proceeds from the new loans were used to repay \$226,387 of term loans.