THE LAKESIDE ASSOCIATION AND AFFILIATES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2017 AND 2016

THE LAKESIDE ASSOCIATION AND AFFILIATES

Table of Contents

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, 2017 and 2016, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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, 2017 and 2016, and the changes in its net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

5002 Timber Commons Dr.
Sandusky, OH 44870-8906
p 419.626.3627 f 419.626.3796

toll free 800.369.6375 barneswendling.com

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statements of functional expenses on pages 23 - 24 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Barnes Wendling CPAs LLC

Sandusky, Ohio
July 21, 2017

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Financial Position

	March 31, 2017	March 31, 2016
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,679,587	$ 943,686
Accounts receivable, net	285,531	273,213
Current portion of promises to give	519,060	-0-
Supplies inventory	4,139	4,888
Prepaid expenses	236,105	221,633
TOTAL CURRENT ASSETS	3,724,422	1,443,420
Property and Equipment		
Land and land improvements	7,877,934	7,841,624
Buildings and fixed equipment	12,464,607	12,149,974
Equipment	3,584,297	3,461,115
Construction in progress	1,192,515	54,605
	25,119,353	23,507,318
Less accumulated depreciation	15,930,470	15,182,791
	9,188,883	8,324,527
Other Assets		
Promises to give, net of current portion	519,676	-0-
Fiduciary investments	237,080	229,288
Endowment investments	6,115,547	5,410,555
Cash surrender value - life insurance	26,168	26,168
Goodwill, net	50,000	60,000
	6,948,471	5,726,011
TOTAL ASSETS	**$ 19,861,776**	**$ 15,493,958**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 648,128	$ 285,522
Accrued salaries and wages	144,700	153,634
Deferred revenue	759,679	583,513
Accrued expenses	10,580	5,000
Line of credit	150,000	-0-
Current portion of notes payable	45,769	39,498
Current portion of obligations under annuity agreements	9,762	9,916
TOTAL CURRENT LIABILITIES	1,768,618	1,077,083
Long-Term Liabilities		
Notes payable, less current portion	665,202	687,306
Obligations under annuity agreements, less current portion	36,279	36,125
	701,481	723,431
Net Assets		
Unrestricted	10,212,034	9,352,191
Temporarily restricted	4,081,560	1,439,295
Permanently restricted	3,098,083	2,901,958
TOTAL NET ASSETS	17,391,677	13,693,444
TOTAL LIABILITIES AND NET ASSETS	**$ 19,861,776**	**$ 15,493,958**

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Activities and Changes in Net Assets

	Year Ended March 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT				
Program revenue	$ 7,397,641			$ 7,397,641
Contributions and bequests	420,209	$ 3,528,558	$ 196,125	4,144,892
Burial fees	15,000			15,000
Investment income:				
Interest and dividends, net	10,866	66,584		77,450
Realized and unrealized gains	177,755	423,813		601,568
Change in annuity agreements, net		(9,731)		(9,731)
Endowment appropriation	107,081	(107,081)		-0-
Total revenue and other support	8,128,552	3,902,143	196,125	12,226,820
Net assets released from restrictions	1,259,878	(1,259,878)		-0-
	9,388,430	2,642,265	196,125	12,226,820
EXPENSES				
Program expenses	6,819,171			6,819,171
General and administrative expenses	1,455,025			1,455,025
Fundraising expenses	254,391			254,391
Total expenses	8,528,587	-0-	-0-	8,528,587
Changes in net assets	859,843	2,642,265	196,125	3,698,233
Net assets, beginning of year	9,352,191	1,439,295	2,901,958	13,693,444
NET ASSETS, end of year	**$10,212,034**	**$ 4,081,560**	**$ 3,098,083**	**$17,391,677**

	Year Ended March 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT				
Program revenue	$ 7,341,001			$ 7,341,001
Contributions and bequests	757,571	$ 212,884	$ 1,035,205	2,005,660
Burial fees	6,990			6,990
Investment income:				
Interest and dividends, net	16,065	50,623		66,688
Realized and unrealized losses	(80,446)	(102,859)		(183,305)
Change in annuity agreements, net		9,474		9,474
Loss on sale of property and equipment	(1,112)			(1,112)
Endowment appropriation	106,341	(106,341)		-0-
Total revenue and other support	8,146,410	63,781	1,035,205	9,245,396
Net assets released from restrictions	637,433	(637,433)		-0-
	8,783,843	(573,652)	1,035,205	9,245,396
EXPENSES				
Program expenses	6,598,011			6,598,011
General and administrative expenses	1,442,002			1,442,002
Fundraising expenses	223,277			223,277
Total expenses	8,263,290	-0-	-0-	8,263,290
Changes in net assets	520,553	(573,652)	1,035,205	982,106
Net assets, beginning of year	8,831,638	2,012,947	1,866,753	12,711,338
NET ASSETS, end of year	**$ 9,352,191**	**$1,439,295**	**$ 2,901,958**	**$13,693,444**

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Cash Flows

	Years Ended March 31, 2017	2016
Cash Flows From Operating Activities:		
Changes in net assets:	$ 3,698,233	$ 982,106
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	747,679	760,808
Amortization of goodwill	10,000	10,000
Increase in allowance for doubtful accounts	2,384	448
Realized/unrealized (gain) loss on investments	(601,568)	183,305
Loss on the sale of property and equipment	-0-	1,112
Contributions restricted for long-term investment	(196,125)	(1,035,205)
Change in annuity agreements, net	9,731	(9,474)
(Increase) decrease in assets:		
Accounts receivable	(14,702)	16,736
Promises to give	(1,038,736)	-0-
Supplies inventory	749	102
Prepaid expenses	(14,472)	(29,046)
Increase (decrease) in liabilities:		
Accounts payable	362,606	56,843
Accrued salaries and wages	(8,934)	45,358
Deferred revenue	176,166	10,005
Accrued expenses	5,580	(8,500)
Net cash provided by operating activities	3,138,591	984,598
Cash Flows From Investing Activities:		
Purchases of property and equipment	(1,612,035)	(358,119)
Proceeds from sale of equipment	-0-	8,591
Purchases of investments	(600,811)	(2,102,250)
Payments to annuitants	(9,731)	(26,157)
Proceeds from sale of investments	489,595	1,000,624
Net cash used in investing activities	(1,732,982)	(1,477,311)
Cash Flows From Financing Activities:		
Contributions restricted for long-term investment	196,125	1,035,205
Proceeds from line of credit	150,000	-0-
Repayments on line of credit	-0-	(400,000)
Proceeds from notes payable	24,350	-0-
Payments on notes payable	(40,183)	(35,829)
Payments on capital lease obligations	-0-	(11,040)
Net cash provided by financing activities	330,292	588,336
Net increase in cash and cash equivalents	1,735,901	95,623
Cash and cash equivalents at beginning of year	943,686	848,063
Cash and cash equivalents at end of year	**$ 2,679,587**	**$ 943,686**
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	**$ 30,727**	**$ 34,541**
Income taxes	**$ 5,455**	**$ 9,668**

See Notes to Consolidated Financial Statements

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lakeside Association (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 Association generates revenues from the summer programs and providing municipal services to the Lakeside homeowners.

Basis of Accounting

The consolidated financial statements of the 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 and The Memorial Garden LLC, and a related not-for-profit, Lakeside Chautauqua Foundation, collectively, the (Association). All intercompany transactions and balances have been eliminated in the consolidation.

Basis of Presentation

The Association's consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations. This category periodically includes net assets designated to the endowment by the Board. At March 31, 2017 and 2016 board designated net assets were $1,772,913 and $1,621,602, respectively. This category also includes net assets designated to an endowment in accordance with Ohio Revised Code 1721.21. At March 31, 2017 and 2016 regulatory restricted - perpetual care net assets were $59,863 and $58,370, respectively. The Association's regulatory restricted - perpetual care endowment is described in Note L to the consolidated financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted Net Assets
Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met by actions of the Board/Association and/or the passage of time. Temporarily restricted net assets also include endowment earnings on donor restricted endowment assets not yet appropriated by the board of directors.

Permanently Restricted Net Assets
Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Association.

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 uncollateralized non-interest bearing homeowner obligations requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 60 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Accounts are written off when deemed uncollectible. At March 31, 2017 and 2016, the allowance for doubtful accounts was $18,189 and $15,805, respectively. Bad debt expense was $3,865 and $1,317, respectively, for the years ended March 31, 2017 and 2016.

Supplies Inventory
Supplies inventory consists of maintenance supplies and is stated at cost, determined by the first-in, first-out method (FIFO), but not in excess of net realizable value.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017 and 2016 was $747,679 and $760,808, respectively.

Goodwill
The Association evaluates impairment of goodwill whenever events or changes in circumstances indicate the carrying amount of goodwill may not be recoverable or at least annually. Measurement of an impairment loss for goodwill is based on discounted cash flows and the fair value of the asset. The Association performed its annual impairment test and concluded there was no impairment for the years ended March 31, 2017 and 2016. The Association amortizes goodwill over 9 years. The cost of the goodwill at March 31, 2017 and 2016 was $90,000. Accumulated amortization for the years ended March 31, 2017 and 2016 was $40,000 and $30,000, respectively. Amortization expense for the years ended March 31, 2017 and 2016 was $10,000. The annual amortization expense recognized over the next 5 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.

Program Revenue
Program revenues primarily consist of admission charges to visitors of the Association during the summer season and accommodation revenues, which include revenues generated from hotels, a trailer park, restaurant operations, and other accommodations.

Contributions
The Association recognizes contribution revenue in the period in which the pledge (promise to give) is received. Contributions with donor-imposed restrictions that are met in the same period are reported as unrestricted contributions.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Materials
The Association receives volunteer services and materials that are 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.

Advertising
Advertising costs are charged to expense in the period the advertising first takes place. Advertising expense was $114,091 and $115,051, respectively, for the years ended March 31, 2017 and 2016.

Functional Allocation of Expenses
The costs of providing the Association's various programs and supporting services have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Functional expenses are allocated based on an analysis by management of employee time spent within each functional area.

Subsequent Events
Subsequent events have been evaluated through July 21, 2017, which is the date the consolidated financial statements were available to be issued. See Note N for significant subsequent events.

NOTE B - PROMISES TO GIVE

During 2016, the Association began its capital campaign to raise funds for the Grindley Aquatic and Wellness Campus, as more fully described in Note O. Promises to give consist of the following at March 31, 2017:

Promises to give - less than one year	$ 519,060
Promises to give - one to five years	519,676
	$ 1,038,736

The Association has not recorded a provision for doubtful promises to give or present value discount, since it is the opinion of management the promises to give are collectible in full and the present value discount is not material.

NOTE C - 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 accounted at fair value as of March 31, 2017 are summarized below:

	Fair Value	Level 1	Level 3
Money market funds	$ 195,752	$ 195,752	
Equity mutual funds	4,741,238	4,741,238	
Common/collective equity funds	99,310		$ 99,310
Fixed income mutual funds	1,241,514	1,241,514	
Real estate investment trust	74,813	74,813	
Total	$ 6,352,627	$ 6,253,317	$ 99,310

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

The Association's investments accounted at fair value as of March 31, 2016 are summarized below:

	Fair Value	Level 1	Level 3
Money market funds	$ 462,259	$ 462,259	
Equity mutual funds	3,270,695	3,270,695	
Common/collective equity funds	78,589		$ 78,589
Fixed income mutual funds	1,823,422	1,823,422	
Alternative Mutual Funds	4,878	4,878	
Total	$ 5,639,843	$ 5,561,254	$ 78,589

The following is a description of the valuation methodologies used to measure the investments at fair value as of March 31, 2017 and 2016. There have been no changes in the methodologies used as of March 31, 2017 and 2016.

> Money market funds, equity mutual funds, fixed income mutual funds, real estate investment trusts, and alternative mutual funds are valued at the net asset value of shares held by the Association at year end.
>
> Common /collective equity funds are valued at the net asset value of units reported to investors through common fund website, investor statements, and audited financial statements.

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.

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2017 and 2016:

Balance as of April 1, 2015	$ 127,110
Purchases and (sales), net	(45,319)
Unrealized and realized gains (losses), net	(3,202)
Balance as of March 31, 2016	$ 78,589
Balance as of April 1, 2016	$ 78,589
Purchases and (sales), net	7,897
Unrealized and realized gains (losses), net	12,824
Balance as of March 31, 2017	$ 99,310

Beneficial interest in remainder trusts were valued at the present value of the expected distribution from the trust at the time of the donor's death which is based on life expectancy tables using a discount rate of 3.8%. Management has determined the beneficial interest in remainder trusts to be Level 3 assets.

NOTE D - ENDOWMENT

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

Management and the Board of Directors of the Association have 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 classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 that is not classified in permanently restricted net assets is classified as temporarily 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.

NOTE D - 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 that attempt 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 that 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 that is 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 that places 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 proceeding 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.

NOTE D - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of March 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 1,772,913			$ 1,772,913
Donor-restricted endowment funds		$ 1,194,419	$ 3,098,083	4,292,502
Regulatory-restricted endowment funds	50,132			50,132
Total	$ 1,823,045	$ 1,194,419	$ 3,098,083	$ 6,115,547

Changes in endowment net assets for the year ended March 31, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, April 1, 2016	$ 1,679,972	$ 828,625	$ 2,901,958	$ 5,410,555
Investment return:				
Investment income, net	10,502	62,021		72,523
Net realized and unrealized income	177,754	410,854		588,608
Total investment return	188,256	472,875	-0-	661,131
Contributions	9,100		196,125	205,225
Burial fees	1,500			1,500
Appropriation	(55,783)	(107,081)		(162,864)
Endowment net assets, March 31, 2017	$ 1,823,045	$ 1,194,419	$ 3,098,083	$ 6,115,547

NOTE D - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of March 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	$ 1,621,602			$ 1,621,602
Donor-restricted endowment funds		$ 828,625	$ 2,901,958	3,730,583
Regulatory-restricted endowment funds	58,370			58,370
Total	$ 1,679,972	$ 828,625	$ 2,901,958	$ 5,410,555

Changes in endowment net assets for the year ended March 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, April 1, 2015	$ 1,076,098	$ 983,406	$ 1,866,753	$ 3,926,257
Investment return:				
Investment income, net	16,487	46,135		62,622
Net realized and unrealized losses	(80,446)	(94,575)		(175,021)
Total investment return	(63,959)	(48,440)	-0-	(112,399)
Contributions	702,949		1,035,205	1,738,154
Burial fees	699			699
Appropriation	(35,815)	(106,341)		(142,156)
Endowment net assets, March 31, 2016	$ 1,679,972	$ 828,625	$ 2,901,958	$ 5,410,555

NOTE E - SPLIT INTEREST AGREEMENTS

Charitable Gift Annuities and Charitable Remainder Trusts

The Association is the beneficiary of several charitable gift annuities and a charitable remainder trust that are managed by third-party trustees. The assets held in trust are recorded at fair value at the date of initial recognition. At March 31, 2017 and 2016, total assets of $237,080 and $229,288, 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, 2017 and 2016, liabilities of $46,041 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%.

NOTE F - LINE 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 (3.75% at March 31, 2017). At March 31, 2017 and 2016, the Association had borrowings outstanding of $150,000 and $-0-, respectively. The line of credit renews on an annual basis.

NOTE G - NOTES PAYABLE

Notes payable at March 31, 2017 and 2016 include the following:

	March 31, 2017	March 31, 2016
Note payable to Huntington National Bank, payable in monthly installments of $1,421 including interest at a rate of 4.75%, balance due October 2018. The note is secured by real is property known as the Smith Building	$ 151,554	$ 161,088
Note payable to Huntington National Bank, payable in monthly installments of $1,683 including interest at a rate of 3.50%, balance due January 2019. The note is secured by real property located on Walnut Street.	255,732	266,644
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 on the east side of Lakeside (Memorial Garden, LLC, and Lakeside Chautauqua Park).	211,517	223,078
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.	68,943	75,994
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.	23,225	-0-
	710,971	726,804
Less current-portion	45,769	39,498
Long-term portion of notes payable	$ 665,202	$ 687,306

NOTE G - NOTES PAYABLE (CONTINUED)

The following are maturities of notes payable for each of the next four years:

Years Ending March 31,	Amount
2018	$ 45,769
2019	411,037
2020	245,065
2021	9,100
	$ 710,971

Interest expense was $30,727 and $34,541 during the years ended March 31, 2017 and 2016, respectively.

NOTE H - TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes as of March 31,

	2017	2016
Development fund	$ 2,688,132	$ 429,182
Fiduciary fund	199,009	181,488
Endowment earnings	1,194,419	828,625
Total temporarily restricted net assets:	$ 4,081,560	$ 1,439,295

A description of the nature and purpose of the funds are as follows:

Development Fund
The development fund represents donor-restricted contributions that have not yet been used for the donor specified purpose.

Fiduciary Fund
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 temporarily restricted until the death of the annuitant or trust beneficiaries, at which time the remaining trust assets are available to the Association for unrestricted purposes.

NOTE I - PENSION PLAN

The Association provides a 401(k) defined contribution profit-sharing plan and a 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 $47,941 and $41,444, respectively, under the plan during the years ended March 31, 2017 and 2016.

Under the 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 $64,522 and $57,564, respectively, to the plan during the years ended March 31, 2017 and 2016.

NOTE J - 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, 2017 and 2016 was $26,109 and $13,288, 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, 2017 and 2016 was $402.

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

Years Ending March 31,	Amount
2018	$ 28,842
2019	27,483
2020	19,760
2021	3,417
2022	402
Thereafter	9,674
Total minimum future rental payments:	$ 89,578

NOTE K - 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, 2017 and 2016 was $11,000 and $10,455, respectively. The Association is no longer subject to tax examinations for years before 2013 by taxing authorities in jurisdictions where the Association has filed returns. 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, 2017 and 2016, 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 L - 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 and remembrance plaques will be designated into the endowment care trust for perpetual care and maintenance.

The balance in this endowed fund at March 31, 2017 and 2016 was $59,863 and $58,370, respectively.

NOTE M - CONTINGENCIES

The Association has been named as a defendant in two claims that have been filed against the Association in the ordinary course of business. While the outcome of these claims are not presently determinable, it is the opinion of management that any resulting liability from these claims will not have a material adverse effect on the consolidated financial position or operating results of the Association.

NOTE N - SUBSEQUENT EVENTS

In July 2017, the Association entered into a revolving credit agreement with its bank for up to $2,000,000 including interest at the adjusted overnight LIBOR rate to fund the timing difference between the receipt of capital campaign pledge payments and the payment of construction costs for the Grindley Aquatic and Wellness Campus.

In June 2017, the Association entered into a purchase agreement with an unrelated third party to purchase property on Poplar Street for $128,000.

NOTE O - SUPPLEMENTAL DISCLOSURE OF NON CASH INVESTING AND FINANCING ACTIVITIES

During the year ended March 31, 2016, the Association transferred $529,684 of investments from the beneficial interest in remainder trusts to endowment funds, due to the death of the annuitants of remainder trusts.

NOTE P - CAPITAL CAMPAIGN

The Association's capital campaign, Grindley Aquatic and Wellness Campus, commenced in December 2016 and will conclude in September 2017. The overall campaign goal was $3.4 million for the pool and wellness center.

Leadership gifts from major donors are reflected in these financial statements as contributions in the statement of activities and changes in net assets. Pledges receivable from unconditional promises to give are reflected as current assets (if expected to be received in 2017) and/or noncurrent assets (if expected to be received after 2017) in the statement of financial position, based on the donor's installment schedule at the time of their pledge, or as later revised.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Supplemental Schedules - Consolidated Statements of Functional Expenses

	Year Ended March 31, 2017			
	Program	General and Administrative	Fundraising	Total
Salaries and wages	$ 1,518,532	$ 636,888	$ 141,338	$ 2,296,758
Payroll taxes	160,716	48,173	11,810	220,699
Employee benefits	143,401	119,839	8,713	271,953
Pension expense	58,193	45,848	8,422	112,463
Program contracts	890,452	93,391		983,843
Supplies	209,285	13,645	6,188	229,118
Depreciation	732,557	7,889	7,233	747,679
Amortization of goodwill	10,000			10,000
Utilities and rubbish removal	423,601	17,326	445	441,372
Maintenance and repairs	328,797	15,170	11,926	355,893
Advertising and publications	114,091			114,091
Telephone	16,341	47,568	1,187	65,096
Postage	4,866	4,919	3,552	13,337
Travel and auto	54,154	11,714	17,061	82,929
Food and lodging	400,340	25,657	7,678	433,675
Professional fees	95,120	106,152	1,950	203,222
Bank charges	37,116	119,997		157,113
Dues and subscriptions	811	866	120	1,797
Insurance	121,278	19,030		140,308
Real estate taxes	96,992	(2,304)		94,688
Sales and use taxes	12,077			12,077
Conferences and seminars	7,027	2,183	273	9,483
Lease payments	117,785	51,827	4,041	173,653
Promotional	59,829		22,156	81,985
Interest expense	7,514	23,213		30,727
Taxes		22,058		22,058
Bad debt expense	3,865			3,865
Miscellaneous	76,805	23,976	298	101,079
Cottage rental owner commissions	869,736			869,736
Real estate sales commissions	247,890			247,890
	$ 6,819,171	$ 1,455,025	$ 254,391	$ 8,528,587

	Year Ended March 31, 2016			
	Program	General and Administrative	Fundraising	Total
Salaries and wages	$ 1,420,778	$ 640,559	$ 128,115	$ 2,189,452
Payroll taxes	131,126	44,254	10,515	185,895
Employee benefits	117,977	99,458	1,637	219,072
Pension expense	53,357	37,377	8,274	99,008
Program contracts	953,784	66,350		1,020,134
Supplies	203,810	16,365	2,112	222,287
Depreciation	743,349	10,289	7,170	760,808
Amortization of goodwill	10,000			10,000
Utilities and rubbish removal	376,013	15,552	627	392,192
Maintenance and repairs	331,505	16,346	17,738	365,589
Advertising and publications	115,051			115,051
Telephone	16,575	42,114	1,739	60,428
Postage	2,771	4,040	2,789	9,600
Travel and auto	47,228	15,262	9,284	71,774
Food and lodging	375,510	19,288	5,439	400,237
Professional fees	79,075	166,950		246,025
Bank charges	31,155	126,126		157,281
Dues and subscriptions	790	725	570	2,085
Insurance	121,596	17,891		139,487
Real estate taxes	104,839	3,172		108,011
Sales and use taxes	11,455			11,455
Conferences and seminars	11,034	3,732	802	15,568
Lease payments	111,181	39,674	3,308	154,163
Promotional	62,126		23,010	85,136
Interest expense	7,982	26,559		34,541
Taxes		10,455		10,455
Bad debt expense	1,317			1,317
Miscellaneous	49,300	19,464	148	68,912
Cottage rental owner commissions	896,020			896,020
Real estate sales commissions	211,307			211,307
	$ 6,598,011	$ 1,442,002	$ 223,277	$ 8,263,290