



**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

**YEARS ENDED
MARCH 31, 2022 AND 2021**

THE LAKESIDE ASSOCIATION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of The Lakeside Association and Affiliates (an Ohio nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2022 and 2021, 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 financial statements.

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 (the Association) as of March 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

Barnes Wendling CPAs

Sandusky, Ohio
November 11, 2022

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Financial Position

	March 31,	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,223,561	\$ 2,609,686
Accounts receivable, net	371,787	330,863
Supplies inventory	13,489	10,240
Prepaid expenses	135,681	37,222
TOTAL CURRENT ASSETS	3,744,518	2,988,011
Property and Equipment		
Land and land improvements	12,091,458	11,910,718
Buildings and fixed equipment	17,199,548	16,432,094
Equipment	4,438,218	4,381,036
	<u>33,729,224</u>	<u>32,723,848</u>
Less accumulated depreciation	20,083,986	19,149,548
	<u>13,645,238</u>	<u>13,574,300</u>
Construction in progress	638,088	571,076
	<u>14,283,326</u>	<u>14,145,376</u>
Other Assets		
Investments	10,798,504	10,352,405
Other assets	26,168	26,168
Goodwill, net	-0-	10,000
	<u>10,824,672</u>	<u>10,388,573</u>
TOTAL ASSETS	<u>\$ 28,852,516</u>	<u>\$ 27,521,960</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Financial Position (Continued)

	March 31,	
	2022	2021
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 276,541	\$ 203,952
Accrued salaries and wages	150,203	195,345
Deferred revenue	830,140	483,287
Line of credit	308,835	308,835
Current portion of notes payable	105,444	84,854
Current portion Paycheck Protection Program loan	-0-	146,323
Current portion of obligations under annuity agreements	4,682	7,182
TOTAL CURRENT LIABILITIES	1,675,845	1,429,778
Long-Term Liabilities		
Notes payable, less current portion	1,183,049	1,022,412
Paycheck Protection Program loan, less current portion	-0-	493,087
Obligations under annuity agreements, less current portion	26,633	24,133
	<u>1,209,682</u>	<u>1,539,632</u>
TOTAL LIABILITIES	2,885,527	2,969,410
Net Assets		
Without donor restriction		
Undesignated	14,826,731	14,547,160
Designated by the Board for endowment	2,800,919	2,713,228
Regulatory-restricted endowment funds	82,293	81,285
	<u>17,709,943</u>	<u>17,341,673</u>
With donor restriction		
Development fund	1,117,792	434,048
Fiduciary fund	245,908	241,858
Endowment funds	6,893,346	6,534,971
	<u>8,257,046</u>	<u>7,210,877</u>
TOTAL NET ASSETS	25,966,989	24,552,550
TOTAL LIABILITIES AND NET ASSETS	\$ 28,852,516	\$ 27,521,960

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Activities and Changes in Net Assets Year Ended March 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND OTHER SUPPORT			
Program revenue			
Chautauqua	\$ 6,816,964		\$ 6,816,964
Realty, net	387,347		387,347
Memorial Garden - burial fees	28,500		28,500
	7,232,811	\$ -0-	7,232,811
Support			
Contributions and bequests	706,665	1,358,001	2,064,666
Investment income, net	167,335	435,281	602,616
Change in annuity agreements, net	-0-	(5,215)	(5,215)
	874,000	1,788,067	2,662,067
Total revenue and support	8,106,811	1,788,067	9,894,878
Endowment appropriation	212,461	(212,461)	-0-
Net assets released from restrictions	529,437	(529,437)	-0-
Total revenue and other support	8,848,709	1,046,169	9,894,878
EXPENSES			
Program			
Chautauqua	6,370,733		6,370,733
Realty	393,351		393,351
Memorial Garden	64,770		64,770
	6,828,854	-0-	6,828,854
General and administrative	1,951,391		1,951,391
Fundraising	344,504		344,504
Total expenses	9,124,749	-0-	9,124,749
OTHER INCOME			
Paycheck Protection Program loan forgiveness	639,410		639,410
Gain on disposal of property and equipment	4,900		4,900
Total other income	644,310	-0-	644,310
Changes in net assets	368,270	1,046,169	1,414,439
Net assets, beginning of year	17,341,673	7,210,877	24,552,550
NET ASSETS, end of year	\$ 17,709,943	\$ 8,257,046	\$ 25,966,989

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Activities and Changes in Net Assets Year Ended March 31, 2021

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND OTHER SUPPORT			
Program revenue			
Chautauqua	\$ 5,245,448		\$ 5,245,448
Realty, net	435,735		435,735
Memorial Garden - burial fees	23,750		23,750
	5,704,933	\$ -0-	5,704,933
Support			
Contributions and bequests	1,557,377	256,579	1,813,956
Investment income, net	931,612	2,096,101	3,027,713
Change in annuity agreements, net		(7,020)	(7,020)
	2,488,989	2,345,660	4,834,649
Total revenue and support	8,193,922	2,345,660	10,539,582
Endowment appropriation	185,238	(185,238)	-0-
Net assets released from restrictions	271,450	(271,450)	-0-
Total revenue and other support	8,650,610	1,888,972	10,539,582
EXPENSES			
Program			
Chautauqua	4,999,377		4,999,377
Realty	426,621		426,621
Memorial Garden	56,298		56,298
	5,482,296	-0-	5,482,296
General and administrative	1,597,636		1,597,636
Fundraising	215,616		215,616
Total expenses	7,295,548	-0-	7,295,548
OTHER INCOME			
Other income	281,643		281,643
Paycheck Protection Program loan forgiveness	652,300		652,300
Gain on disposal of property and equipment	10,374		10,374
Total other income	944,317	-0-	944,317
Changes in net assets	2,299,379	1,888,972	4,188,351
Net assets, beginning of year	15,042,294	5,321,905	20,364,199
NET ASSETS, end of year	\$ 17,341,673	\$ 7,210,877	\$ 24,552,550

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Functional Expenses Year Ended March 31, 2022

	Program				General and Administrative	Fundraising	Total
	Chautauqua	Realty	Memorial Garden	Total Program			
Salaries and wages	\$ 2,040,196	\$ 172,143	\$ 26,829	\$ 2,239,168	\$ 856,064	\$ 189,188	\$ 3,284,420
Payroll taxes	193,669	4,201		197,870	66,646	14,577	279,093
Employee benefits	264,717	9,679		274,396	138,759	51,148	464,303
Program contracts	710,321	2,097	3,102	715,520			715,520
Supplies	313,985	951	3	314,939	69,239	8,509	392,687
Depreciation and amortization	935,086	15,509	23,342	973,937	7,968	5,924	987,829
Utilities, telephone, and rubbish removal	546,426	731	3,674	550,831	63,624		614,455
Maintenance and repairs	245,940	104,396	7,518	357,854	10,484	280	368,618
Advertising and publications				-0-	48,544		48,544
Travel and auto	60,879			60,879	4,256	7,513	72,648
Food service and lodging	421,062			421,062	1,824	83	422,969
Professional fees	8,403	8,051	25	16,479	360,717	4,297	381,493
Bank charges	1,539	41,656		43,195	201,761	126	245,082
Insurance	147,561	4,300		151,861	16,925	634	169,420
Taxes	138,607	10,669		149,276	13,582		162,858
Lease payments	93,339	1,942		95,281	64,069	1,889	161,239
Promotional	131,078	150		131,228		29,371	160,599
Interest expense	55,610	5,746		61,356	1,337		62,693
Miscellaneous	62,315	11,130	277	73,722	25,592	30,965	130,279
Total expenses reported by function	<u>\$ 6,370,733</u>	<u>\$ 393,351</u>	<u>\$ 64,770</u>	<u>\$ 6,828,854</u>	<u>\$ 1,951,391</u>	<u>\$ 344,504</u>	<u>\$ 9,124,749</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Functional Expenses Year Ended March 31, 2021

	Program			Total Program	General and Administrative	Fundraising	Total
	Chautauqua	Realty	Memorial Garden				
Salaries and wages	\$ 1,694,163	\$ 238,343	\$ 18,753	\$ 1,951,259	\$ 541,935	\$ 135,200	\$ 2,628,394
Payroll taxes	161,168	12,311		173,479	38,697	9,932	222,108
Employee benefits	275,188	21,180		296,368	165,226	37,761	499,355
Program contracts	360,460	10,662		371,122	7,924		379,046
Supplies	163,823	5,607	237	169,667	35,857	3,322	208,846
Depreciation and amortization	928,799	15,509	26,416	970,724	8,453	6,096	985,273
Utilities, telephone, and rubbish removal	471,087	10,064	4,698	485,849	54,332		540,181
Maintenance and repairs	158,439	47,163	4,873	210,475	11,056	1,562	223,093
Advertising and publications				-0-	66,316		66,316
Travel and auto	23,455			23,455	907	3,341	27,703
Food service and lodging	200,815	500		201,315	1,701	200	203,216
Professional fees	885	9,961	25	10,871	330,338	1,568	342,777
Bank charges	721	28,434		29,155	137,511	369	167,035
Insurance	140,415	6,778		147,193	15,340		162,533
Taxes	121,152	2,120		123,272	12,905		136,177
Lease payments	94,889	7,723		102,612	63,643	1,248	167,503
Promotional	80,475			80,475		13,861	94,336
Interest expense	21,748	6,372		28,120	45,983		74,103
Miscellaneous	101,695	3,894	1,296	106,885	59,512	1,156	167,553
Total expenses reported by function	<u>\$ 4,999,377</u>	<u>\$ 426,621</u>	<u>\$ 56,298</u>	<u>\$ 5,482,296</u>	<u>\$ 1,597,636</u>	<u>\$ 215,616</u>	<u>\$ 7,295,548</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Cash Flows

	Years Ended March 31,	
	2022	2021
Cash Flows From Operating Activities:		
Changes in net assets:	\$ 1,414,439	\$ 4,188,351
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	977,829	975,273
Amortization of goodwill	10,000	10,000
Paycheck Protection Program loan forgiveness	(639,410)	(652,300)
Realized/unrealized gain on investments	(465,854)	(2,893,542)
Gain on disposal of property and equipment	(4,900)	(10,374)
Contributions restricted for long-term investment	(144,820)	(168,272)
Change in annuity agreements, net	5,215	7,020
(Increase) decrease in assets:		
Accounts receivable	(40,924)	95,147
Pledges receivable	-0-	30,678
Supplies inventory	(3,249)	(5,596)
Prepaid expenses	(98,459)	176,323
Increase (decrease) in liabilities:		
Accounts payable	72,589	(196,677)
Accrued salaries and wages	(45,142)	8,402
Deferred revenue	346,853	(219,412)
Accrued expenses	-0-	(4,950)
Net cash provided by operating activities	<u>1,384,167</u>	<u>1,340,071</u>
Cash Flows From Investing Activities:		
Purchases of property and equipment	(834,654)	(971,918)
Insurance proceeds from disposal of building	4,900	31,317
Purchases of investments	(420,265)	(1,067,994)
Payments to annuitants	(5,215)	(7,020)
Proceeds from sale of investments	440,020	1,025,479
Net cash used in investing activities	<u>(815,214)</u>	<u>(990,136)</u>
Cash Flows From Financing Activities:		
Contributions restricted for long-term investment	144,820	168,272
Proceeds from line of credit	-0-	8,622
Proceeds from Paycheck Protection Program loans	-0-	1,291,710
Repayments on line of credit	-0-	(1,183,622)
Payments on notes payable	(99,898)	(25,300)
Net cash provided by financing activities	<u>44,922</u>	<u>259,682</u>
Net increase in cash and cash equivalents	613,875	609,617
Cash and cash equivalents at beginning of year	<u>2,609,686</u>	<u>2,000,069</u>
Cash and cash equivalents at end of year	<u>\$ 3,223,561</u>	<u>\$ 2,609,686</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ 62,693</u>	<u>\$ 74,103</u>
Income taxes	<u>\$ 45,000</u>	<u>\$ 7,000</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

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 revenue from the programs which are comprised of recreational activities, admission passes, donations, contributions, investment income, accommodations, food services and assessment charges paid by the Lakeside homeowners.

Lakeside Chautauqua Realty, LLC (Realty), a wholly owned for-profit subsidiary of the Lakeside Association, provides vacation rental services and real estate sales services.

The Memorial Garden at Chautauqua Park LLC (Memorial Garden), a wholly owned nonprofit subsidiary of the Lakeside Association, operates a memorial garden.

The Lakeside Chautauqua Foundation (Foundation) is a nonprofit organization dedicated to raising and growing charitable giving to support the Lakeside Association in accordance with its mission.

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, functional expenses, and cash flows of The Lakeside Association, its wholly owned subsidiaries Realty and Memorial Garden, and a related nonprofit, 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 asset endowment funds designated by the board of directors, which are subject to the spending policy as further described in Note H. 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 I to the consolidated financial statements.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets with Donor Restriction

Net assets subject to donor-imposed restriction, as further described in Note G. 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 H.

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, 2022 and 2021, the allowance for doubtful accounts was \$3,325 and \$7,693, respectively. Bad debt recovery (expense) was \$4,167 and (\$80), respectively, for the years ended March 31, 2022 and 2021.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$2,500 with a useful life of more than one year. Construction in progress consists of accumulated costs for constructing property and equipment until the property and equipment is complete and placed in service. Construction in progress is not depreciated. 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, 2022 and 2021 was \$977,829 and \$975,273, respectively.

Investments

The Association's investments consist of fiduciary investments, endowment investments, and Association investments. Investments are comprised of the following:

	March 31,	
	2022	2021
Fiduciary investments	\$ 277,223	\$ 273,173
Endowment investments	9,776,558	9,329,484
Association investments	744,723	749,748
	<u>\$10,798,504</u>	<u>\$10,352,405</u>

Fiduciary investments are investments held under split interest agreements as further described in Note F. Endowment investments are further described in Note H. Association investments are comprised of contributions without donor restriction invested for the purpose of earning investment income on cash intended for future needs. Investment income includes realized and unrealized gains and losses, and interest and dividends, net of fees.

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, 2022 and 2021 was \$90,000. Accumulated amortization for the years ended March 31, 2022 and 2021 was \$90,000 and \$80,000, respectively. Amortization expense for the years ended March 31, 2022 and 2021 was \$10,000.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Chautauqua Revenue

Chautauqua revenue consists of the following:

	Years Ended March 31,	
	2022	2021
Admission charges	\$ 2,996,200	\$ 2,255,245
Assessment fees	1,190,052	1,395,429
Facility rentals	92,621	291,537
Hotel accommodations	1,118,451	365,371
Commercial rental	199,825	155,204
Other programmatic revenue	729,686	546,751
Restaurant	490,129	235,909
	<u>\$ 6,816,964</u>	<u>\$ 5,245,446</u>

Admission charges: The Association's gates are generally in operation 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.

Commercial rental: 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, as further described in Note K.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 by the Board of Directors annually, not to exceed 1.00%, multiplied by the appraised value of each property, as it appears on the County Tax Duplicate. The annual set rate for the years ended March 31, 2022 and 2021 was 0.308%. Beginning in the quarter ended September 2019 and ending in the quarter ended December 2020, 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, 2022 and 2021. Assessment fee revenue is recognized over the assessment period.

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

Realty Revenue

Realty revenue consists of the following:

	Year Ended March 31,	
	2022	2021
Cottage rental revenue, net	\$ 266,622	\$ 222,565
Realty commissions, net	105,296	213,170
Commercial rental	15,000	-0-
Other programmatic revenue	429	-0-
	<u>\$ 387,347</u>	<u>\$ 435,735</u>

Cottage rentals: Realty provides vacation rental services to the Association's homeowners who rent their cottages to visitors of the Association. Realty 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. Realty 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 net on the consolidated statements of activities and changes in net assets. Cottage rental revenue and owner cottage rental commissions are recognized when the rentals take place.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Cottage rental revenue net of owner cottage rental commissions was:

	Year Ended March 31,	
	2022	2021
Cottage rentals revenue	\$ 960,622	\$ 747,508
Owner cottage rentals commissions	(694,000)	(524,943)
Cottage rental revenue, net	<u>\$ 266,622</u>	<u>\$ 222,565</u>

Realty gross commissions: Realty provides real estate sale services inside the Association's gates and in the surrounding areas. For the year ended March 31, 2021, Realty paid 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 were reported net on the consolidated statements of activities. Realty gross commissions and real estate agent and broker commissions were recognized when the real estate sale is complete.

Realty gross commission net of real estate agent commissions for the year ended March 31, 2021 was:

Realty gross commissions	\$ 499,460
Real estate agent and broker commissions	<u>(286,290)</u>
Realty commissions, net	<u>\$ 213,170</u>

Realty entered into a brokerage services and commission agreement (Brokerage Agreement) in April 2021 with an unrelated real estate brokerage company (Company) for an initial term of five years with an automatic renewal for an additional five years. Under the Brokerage Agreement, the Company provides management and administrative services for Realty's real estate sale services. The Company pays Realty 20% of the gross sales commission the Company receives for agents that work out of the Company's Lakeside office for any sale of property located within the Lakeside community.

Memorial Garden - Burial Fees

Burial fee revenue is recognized as revenue when the ashes of the deceased are placed in Memorial Garden. 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.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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.

Paycheck Protection Program Loans

The Association elected to account for Paycheck Protection Program (PPP) loans using the debt model. Under this method of accounting, the Association recorded loans from its bank as long-term debt with accrued interest until such time as the loans were formally forgiven, at which time the Association recorded the debt forgiveness as other income.

Under the CARES Act, the Association applied for and received a PPP loan of \$652,300 in April 2020. The loan bore interest at 1.00%. The Association received formal forgiveness in February 2021 and recognized PPP loan forgiveness of \$652,300.

In January 2021, the Association applied for and received a second PPP loan of \$639,410 from the Small Business Administration under the Economic Aid Act (enacted December 27, 2020). The loan bore interest at 1.00%. The Association received formal forgiveness in October 2021, and recognized PPP loan forgiveness of \$639,410.

Other Income

Other income for the year ended March 31, 2021 includes \$281,643 of Ohio Bureau of Workers' Compensation (BWC) dividend income which was provided by the BWC to ease the financial pressures businesses in the State of Ohio are facing due to the COVID-19 pandemic.

Advertising

Advertising costs are charged to expense in the period the advertising first takes place. Advertising expense was \$48,544 and \$66,316 for the years ended March 31, 2022 and 2021, respectively.

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.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 statements 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.

The Association collection items approved for deaccession may be gifted, traded, or sold to another nonprofit organization, discarded, partially discarded, or auctioned. Proceeds from the sale of deaccessioned objects or collections may be used for the expenses incurred in conservation and preservation, re-housing collections, storage, security, collections management, exhibit upgrades and the enhancement of the presentation of interior and exterior of the complex; including signs, authentic interior and exterior details and the creation of a better visitor experience. During the years ended March 31, 2022 and 2021, the Association did not deaccession of any collections for proceeds.

Reclassifications

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2022 presentation. The reclassifications had no effect on the Association's total assets, liabilities, or net assets.

Subsequent Events

Subsequent events have been evaluated through November 11, 2022 which is the date the consolidated financial statements were available to be issued.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

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. At March 31, 2022 and 2021, the Association also has access to lines of credit, making \$1,191,165 available for immediate cash needs within one year, see Note D 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.

The following table shows financial assets available for general expenditures within one year:

	March 31,	
	2022	2021
Cash and cash equivalents	\$ 2,166,569	\$ 2,331,457
Accounts receivable, net	371,787	330,863
Endowment spending rate distributions and appropriations over the next 12 months	338,406	299,793
Association investments	744,723	749,748
	<u>\$ 3,621,485</u>	<u>\$ 3,711,861</u>

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 - Inputs to the valuation methodology are unadjusted quoted prices in active markets accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets not sufficiently active to qualify as Level 1, other observable inputs, or inputs corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input 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 based on level 1 inputs. The Association's investments accounted at fair value are summarized below:

	March 31,	
	2022	2021
Money market funds	\$ 359,218	\$ 398,981
Equity mutual funds	8,261,826	7,979,036
Fixed income mutual funds	1,875,668	1,974,388
Real estate investment trust (REIT)	301,792	-0-
Total	<u>\$10,798,504</u>	<u>\$10,352,405</u>

The following is a description of the valuation methodologies used to measure the investments at fair value as of March 31, 2022 and 2021. There have been no changes in the methodologies used as of March 31, 2022 and 2021.

Money market funds, equity mutual funds, fixed income mutual funds, and REIT are valued at per share 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 LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE D - 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 (3.50% at March 31, 2022). At March 31, 2022 and 2021, the Association had borrowings outstanding of \$-0-. 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 the prime rate less 1.00% with a floor of 1.00%, maturing in September 2022. At March 31, 2022 and 2021, the Association had borrowings outstanding of \$308,835.

NOTE E - NOTES PAYABLE

Notes payable consist of the following term notes payable:

Maturity Date	Interest Rate	Secured By:	March 31,	
			2022	2021
12/2023	5.35%	real property - the Smith Building	\$ 100,967	\$ 112,844
01/2034	5.00%	real property - on Walnut Street real property - at the Memorial Garden and Lakeside	199,911	211,914
12/2029	4.24%	Chautauqua Park	144,382	159,699
12/2024	3.99%	real property - on Vine Street	27,918	37,288
06/2024	4.15%	real property - on Poplar Street	138,673	144,043
12/2024	3.50%	real property - on East 6th Street	369,411	382,853
12/2024	3.50%	real property - on Poplar Street	264,449	-0-
12/2021	4.32%	specific vehicle	-0-	3,828
01/2026	5.49%	specific vehicle	37,528	46,851
11/2023	7.02%	specific vehicle	5,254	7,946
			1,288,493	1,107,266
		Less current portion	105,444	84,854
		Long-term portion of notes payable	<u>\$ 1,183,049</u>	<u>\$ 1,022,412</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE E - NOTES PAYABLE (CONTINUED)

Future maturities of notes payable are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2023	\$ 105,444
2024	186,552
2025	541,338
2026	68,020
2027	62,613
Thereafter	324,526
	<u>\$ 1,288,493</u>

Interest expense was \$62,693 and \$74,103 during the years ended March 31, 2022 and 2021, respectively.

NOTE F - SPLIT INTEREST AGREEMENTS

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, 2022 and 2021, total assets of \$277,223 and \$273,173, respectively, were held by the Association, which are included in 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, 2022 and 2021, 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%.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE G - NET ASSETS WITH DONOR RESTRICTION

Net assets were restricted by donors for the following purposes:

	March 31,	
	2022	2021
Development fund		
Building and grounds	\$ 100,397	\$ 84,871
Programming	296,459	273,836
Historic preservation	80,573	4,073
Hoover Auditorium	468,518	69,468
Lakeside sesquicentennial celebration	93,434	-0-
Lakefront project	71,611	-0-
Available for subsequent years' activities	6,800	1,800
Total development fund	1,117,792	434,048
Fiduciary fund: charitable gift annuities, net	245,908	241,858
Endowment funds	6,893,346	6,534,971
Total net assets with donor restriction	<u>\$ 8,257,046</u>	<u>\$ 7,210,877</u>

NOTE H - 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. 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.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE H - ENDOWMENT (CONTINUED)

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 7% 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.

Endowment net asset composition by type of fund as of March 31, 2022:

	Without Donor Restriction	With Donor Restricted	Total
Board-designated endowment funds	\$ 2,800,918		\$ 2,800,918
Regulatory-restricted endowment funds	82,293		82,293
Donor restricted			
Original donor-restricted gift		\$ 4,058,582	4,058,582
Accumulated investment gains		2,834,764	2,834,764
Total	<u>\$ 2,883,211</u>	<u>\$ 6,893,346</u>	<u>\$ 9,776,557</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE H - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended March 31, 2022:

	Without Donor Restriction	With Donor Restricted	Total
Endowment net assets, beginning of year	\$ 2,794,513	\$ 6,534,971	\$ 9,329,484
Investment income, net	172,719	426,016	598,735
Contributions		144,820	144,820
Burial fees	3,150		3,150
Appropriation	(87,171)	(212,461)	(299,632)
Endowment net assets, end of year	<u>\$ 2,883,211</u>	<u>\$ 6,893,346</u>	<u>\$ 9,776,557</u>

Endowment net asset composition by type of fund as of March 31, 2021:

	Without Donor Restriction	With Donor Restricted	Total
Board-designated endowment funds	\$ 2,713,228		\$ 2,713,228
Regulatory-restricted endowment funds	81,285		81,285
Donor restricted			
Original donor-restricted gift		\$ 3,913,762	3,913,762
Accumulated investment gains		2,621,209	2,621,209
Total	<u>\$ 2,794,513</u>	<u>\$ 6,534,971</u>	<u>\$ 9,329,484</u>

Changes in endowment net assets for the year ended March 31, 2021:

	Without Donor Restriction	With Donor Restricted	Total
Endowment net assets, beginning of year	\$ 2,000,016	\$ 4,509,960	\$ 6,509,976
Investment income, net	862,481	2,041,977	2,904,458
Contributions		168,272	168,272
Burial fees	10,350		10,350
Appropriation	(78,334)	(185,238)	(263,572)
Endowment net assets, end of year	<u>\$ 2,794,513</u>	<u>\$ 6,534,971</u>	<u>\$ 9,329,484</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE I - REGULATORY RESTRICTED – PERPETUAL CARE ENDOWMENT

Memorial Garden 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, 2022 and 2021 was \$82,293 and \$81,285, respectively.

NOTE J - EMPLOYEE BENEFIT PLANS

The Association maintains the Lakeside Association 401(k) Plan (the 401(k) Plan) for the benefit of its employees. Employees become vested in the plan after one years of service. Under the 401(k) Plan, the Association contributes one dollar for every two dollars contributed to the 401(k) Plan by the employee up to a maximum of 4% of the employee's gross salary. The Association contributed \$37,758 and \$55,928, respectively, to the 401(k) Plan during the years ended March 31, 2022 and 2021. Under the 401(k) Plan, the Association also contributes a percent of eligible employees' annual compensation. The contribution percentage is at the discretion of the Board of Directors and is determined annually. The Association contributed \$43,838 and \$55,476, respectively, under the plan during the years ended March 31, 2022 and 2021.

NOTE K - RENTAL INCOME UNDER OPERATING LEASES

The Association leases building space to various tenants under non-cancelable operating lease agreements with lease terms exceeding one year expiring on various dates through December 2032. Minimum future rentals from non-cancelable operating leases are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2023	\$ 63,389
2024	68,268
2025	62,236
2026	58,420
2027	37,760
Thereafter	149,103
	<u>\$ 439,176</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE L - OPERATING LEASES

The Association leases certain office equipment and a vehicle under operating lease agreements expiring at various dates through November 2024. Total rent expense from the leases for the years ended March 31, 2022 and 2021 was \$45,942 and \$48,749, 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, 2022 and 2021 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>
2023	\$ 38,389
2024	37,278
2025	24,986
2026	402
2027	402
Thereafter	<u>7,665</u>
	<u>\$ 109,122</u>

NOTE M - 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.

Realty and Memorial Garden, wholly owned subsidiaries of The Lakeside Association, are disregarded entities for tax purposes. Therefore, all activity of Realty and Memorial Garden are reported on the tax returns of The Lakeside Association. The Association also operates a restaurant. Because the activity of Realty, Memorial Garden, and the Association's restaurant 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.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2022 and 2021

NOTE M - INCOME TAXES (CONTINUED)

Income tax expense for the years ended March 31, 2022 and 2021 was \$-0- and \$1,005, 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, 2022 and 2021, 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 N - SUPPLEMENTAL DISCLOSURE NON CASH FINANCING ACTIVITIES

During the year ended March 31, 2022, the Association purchased a real property on Poplar Avenue with debt of \$281,125.

During the year ended March 31, 2021, the Association purchased a vehicle with debt of \$48,277.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors
The Lakeside Association and Affiliates

We have audited the consolidated financial statements of The Lakeside Association and Affiliates as of and for the year ended March 31, 2022, and our report thereon dated November 11, 2022, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 29 - 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position and changes in net assets of the individual entities. The consolidating 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. Such information has been subjected to the auditing procedures applied in the audit 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Barnes Wendling CPAs

Sandusky, Ohio

November 11, 2022

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidating Statement of Financial Position March 31, 2022

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 2,828,791	\$ 266,965	\$ 127,805			\$ 3,223,561
Accounts receivable, net	593,301				(\$ 221,514)	371,787
Supplies inventory	13,489					13,489
Prepaid expenses	83,466	52,215				135,681
TOTAL CURRENT ASSETS	3,519,047	319,180	127,805	\$ -0-	(221,514)	3,744,518
Property and Equipment						
Land and land improvements	11,469,817	102,855	518,786			12,091,458
Buildings and fixed equipment	17,034,285	165,263				17,199,548
Equipment	4,438,218					4,438,218
	32,942,320	268,118	518,786	-0-	-0-	33,729,224
Less accumulated depreciation	19,807,593	71,101	205,292			20,083,986
	13,134,727	197,017	313,494	-0-	-0-	13,645,238
Construction in progress	638,088					638,088
	13,772,815	197,017	313,494	-0-	-0-	14,283,326
Other Assets						
Investments	744,723		88,799	9,964,982		10,798,504
Investment in Subsidiary	524,809				(524,809)	-0-
Other assets	26,168					26,168
	1,295,700	-0-	88,799	9,964,982	(524,809)	10,824,672
TOTAL ASSETS	\$ 18,587,562	\$ 516,197	\$ 530,098	\$ 9,964,982	(\$ 746,323)	\$ 28,852,516

See Independent Auditors' Report on Supplementary Information

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidating Statements of Financial Position (Continued) March 31, 2022

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$ 278,536	\$ 95,559	\$ 123,960		(\$ 221,514)	\$ 276,541
Accrued salaries and wages	151,126	(923)				150,203
Deferred revenue	452,055	272,085	106,000			830,140
Line of credit	308,835					308,835
Current portion of notes payable	92,815	12,629				105,444
Current portion of obligations under annuity agreements				\$ 4,682		4,682
TOTAL CURRENT LIABILITIES	1,283,367	379,350	229,960	4,682	(\$ 221,514)	1,675,845
Long-Term Liabilities						
Notes payable, less current portion	1,094,711	88,338				1,183,049
Obligations under annuity agreements, less current portion				26,633		26,633
	<u>1,094,711</u>	<u>88,338</u>	<u>-0-</u>	<u>26,633</u>	<u>-0-</u>	<u>1,209,682</u>
TOTAL LIABILITIES	2,378,078	467,688	229,960	31,315	(\$ 221,514)	2,885,527
Net Assets						
Without donor restriction						
Undesignated	15,091,692	48,509	211,339		(524,809)	14,826,731
Designated by the Board for endowment				2,800,919		2,800,919
Regulatory-restricted endowment funds			82,293			82,293
	<u>15,091,692</u>	<u>48,509</u>	<u>293,632</u>	<u>2,800,919</u>	<u>(524,809)</u>	<u>17,709,943</u>
With donor restriction						
Development fund	1,117,792					1,117,792
Fiduciary fund				245,908		245,908
Endowment funds			6,506	6,886,840		6,893,346
	<u>1,117,792</u>	<u>-0-</u>	<u>6,506</u>	<u>7,132,748</u>	<u>-0-</u>	<u>8,257,046</u>
TOTAL NET ASSETS	16,209,484	48,509	300,138	9,933,667	(524,809)	25,966,989
TOTAL LIABILITIES AND NET ASSETS	\$ 18,587,562	\$ 516,197	\$ 530,098	\$ 9,964,982	(\$ 746,323)	\$ 28,852,516

See Independent Auditors' Report on Supplementary Information

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidating Statement of Activities and Changes in Net Assets Year Ended March 31, 2022

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
REVENUE AND OTHER SUPPORT						
Program revenue						
Chautauqua Realty, net	\$ 6,816,964	\$ 387,347				\$ 6,816,964
Memorial Garden - burial fees			\$ 28,500			387,347
	6,816,964	387,347	28,500	\$ -0-	\$ -0-	7,232,811
Support						
Contributions and bequests	1,919,846			144,820		2,064,666
Investment income, net	(5,025)		(2,673)	610,314		602,616
Change in annuity agreements, net				(5,215)		(5,215)
	1,914,821	-0-	(2,673)	749,919	-0-	2,662,067
Total revenue and support	8,731,785	387,347	25,827	749,919	-0-	9,894,878
Endowment appropriation	299,632			(299,632)		-0-
Total revenue and other support	9,031,417	387,347	25,827	450,287	-0-	9,894,878
EXPENSES						
Salaries and wages	3,085,448	172,143	26,829			3,284,420
Payroll taxes	274,892	4,201				279,093
Employee benefits	454,624	9,679				464,303
Program contracts	710,321	2,097	3,102			715,520
Supplies	391,733	951	3			392,687
Depreciation and amortization	948,978	15,509	23,342			987,829
Utilities, telephone, and rubbish removal	610,050	731	3,674			614,455
Maintenance and repairs	256,704	104,396	7,518			368,618
Advertising and publications	48,544					48,544
Travel and auto	72,648					72,648
Food service and lodging	422,969					422,969
Professional fees	373,417	8,051	25			381,493
Bank charges	203,426	41,656				245,082
Insurance	165,120	4,300				169,420
Taxes	152,189	10,669				162,858
Lease payments	159,297	1,942				161,239
Promotional	160,449	150				160,599
Interest expense	56,947	5,746				62,693
Miscellaneous	118,872	11,130	277			130,279
Total expenses	8,666,628	393,351	64,770	-0-	-0-	9,124,749
OTHER INCOME						
Paycheck Protection Program loan forgiveness	639,410					639,410
Gain on disposal of property and equipment	4,900					4,900
Total other income	644,310	-0-	-0-	-0-	-0-	644,310
Changes in net assets	1,009,099	(6,004)	(38,943)	450,287	-0-	1,414,439
Net assets, beginning of year	15,200,385	54,513	339,081	9,483,380	(524,809)	24,552,550
NET ASSETS, end of year	\$ 16,209,484	\$ 48,509	\$ 300,138	\$ 9,933,667	(\$ 524,809)	\$ 25,966,989