



**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS**

**YEARS ENDED  
MARCH 31, 2023 AND 2022**

# 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, 2023 and 2022, 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, 2023 and 2022, 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  
July 17, 2023

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Financial Position

	March 31,	
	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,200,768	\$ 3,223,561
Accounts receivable, net	527,260	371,787
Employee Retention Credit receivable	558,112	-0-
Supplies inventory	9,733	13,489
Prepaid expenses and other assets	139,684	161,849
<b>TOTAL CURRENT ASSETS</b>	<b>6,435,557</b>	<b>3,770,686</b>
<b>Property and Equipment</b>		
Land and land improvements	12,142,737	12,091,458
Buildings and fixed equipment	17,350,689	17,199,548
Equipment	4,655,618	4,438,218
	<u>34,149,044</u>	<u>33,729,224</u>
Less accumulated depreciation	21,039,128	20,083,986
	<u>13,109,916</u>	<u>13,645,238</u>
Construction in progress	1,359,811	638,088
	<u>14,469,727</u>	<u>14,283,326</u>
<b>Other Assets</b>		
Investments	9,813,022	10,798,504
<b>TOTAL ASSETS</b>	<b>\$ 30,718,306</b>	<b>\$ 28,852,516</b>

See Notes to Consolidated Financial Statements

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Financial Position (Continued)

	March 31,	
	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 265,655	\$ 276,541
Accrued salaries and wages	217,201	150,203
Deferred revenue	1,218,544	830,140
Line of credit	318,167	308,835
Current portion of notes payable	185,651	105,444
Current portion of obligations under annuity agreements	3,367	4,682
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,208,585</b>	<b>1,675,845</b>
<b>Long-Term Liabilities</b>		
Notes payable, less current portion	996,763	1,183,049
Obligations under annuity agreements, less current portion	27,948	26,633
	<u>1,024,711</u>	<u>1,209,682</u>
<b>TOTAL LIABILITIES</b>	<b>3,233,296</b>	<b>2,885,527</b>
<b>Net Assets</b>		
Without donor restriction		
Undesignated	2,603,807	1,831,898
Investment in property and equipment	13,287,313	12,994,833
Designated by the Board for historic preservation	44,473	-
Designated by the Board for endowment	2,478,558	2,800,919
Regulatory-restricted endowment funds	82,250	82,293
	<u>18,496,401</u>	<u>17,709,943</u>
With donor restriction		
Development fund	2,469,014	1,117,792
Fiduciary fund	222,497	245,908
Endowment funds	6,297,098	6,893,346
	<u>8,988,609</u>	<u>8,257,046</u>
<b>TOTAL NET ASSETS</b>	<b>27,485,010</b>	<b>25,966,989</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 30,718,306</b>	<b>\$ 28,852,516</b>

## THE LAKESIDE ASSOCIATION AND AFFILIATES

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### Consolidated Statements of Activities and Changes in Net Assets Year Ended March 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND OTHER SUPPORT</b>			
Program revenue			
Chautauqua	\$ 9,482,619		\$ 9,482,619
Realty, net	454,169		454,169
Memorial Garden - burial fees	36,000		36,000
	9,972,788	\$ -0-	9,972,788
Support			
Contributions and bequests	656,028	2,881,889	3,537,917
Investment return, net	( 260,809)	( 578,430)	( 839,239)
Change in annuity agreements, net	-0-	( 3,580)	( 3,580)
	395,219	2,299,879	2,695,098
Total revenue and support	10,368,007	2,299,879	12,667,886
Endowment appropriation	240,990	( 240,990)	-0-
Net assets released from restrictions	1,327,327	( 1,327,327)	-0-
Total revenue and other support	11,936,324	731,562	12,667,886
<b>EXPENSES</b>			
Program			
Chautauqua	8,370,686		8,370,686
Realty	411,850		411,850
Memorial Garden	69,712		69,712
	8,852,248	-0-	8,852,248
General and administrative	2,413,930		2,413,930
Fundraising	441,870		441,870
Total expenses	11,708,048	-0-	11,708,048
<b>OTHER INCOME</b>			
Employee Retention Credit income	558,112		558,112
Gain on disposal of property and equipment	71		71
Total other income	558,183	-0-	558,183
Changes in net assets	786,459	731,562	1,518,021
Net assets, beginning of year	17,709,943	8,257,046	25,966,989
<b>NET ASSETS, end of year</b>	<b>\$ 18,496,402</b>	<b>\$ 8,988,608</b>	<b>\$ 27,485,010</b>

See Notes to Consolidated Financial Statements

## THE LAKESIDE ASSOCIATION AND AFFILIATES

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

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE AND OTHER SUPPORT</b>			
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 return, net	167,335	435,281	602,616
Change in annuity agreements, net		( 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
<b>EXPENSES</b>			
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
<b>OTHER INCOME</b>			
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
<b>NET ASSETS, end of year</b>	<b>\$ 17,709,943</b>	<b>\$ 8,257,046</b>	<b>\$ 25,966,989</b>

See Notes to Consolidated Financial Statements



## THE LAKESIDE ASSOCIATION AND AFFILIATES

### Consolidated Statements of Functional Expenses Year Ended March 31, 2023

	Program			Total Program	General and Administrative	Fundraising	Total
	Chautauqua	Realty	Memorial Garden				
Salaries and wages	\$ 2,890,655	\$ 185,999	\$ 29,720	\$ 3,106,374	\$ 898,145	\$ 201,232	\$ 4,205,751
Payroll taxes	238,952	9,511		248,463	70,458	15,975	334,896
Employee benefits	390,415	19,733		410,148	171,347	10,095	591,590
Program contracts	1,202,899	200		1,203,099			1,203,099
Supplies	316,397	3,194	6,316	325,907	80,888	16,580	423,375
Depreciation and amortization	927,420	5,509	25,469	958,398	7,968	7,397	973,763
Utilities, telephone, and rubbish removal	549,520	1,255	964	551,739	65,342	849	617,930
Maintenance and repairs	319,177	111,204	7,095	437,476	69,471	9,969	516,916
Advertising and publications				-0-	85,438		85,438
Travel and auto	149,447			149,447	8,934	6,716	165,097
Food service and lodging	482,542			482,542	3,072	615	486,229
Professional fees	16,202	1,224	25	17,451	360,880	75,292	453,623
Bank charges	1,452	45,880	123	47,455	319,807	30	367,292
Insurance	178,085	5,143		183,228	20,019	732	203,979
Taxes	130,729	2,255		132,984	13,430		146,414
Lease payments	131,350	1,248		132,598	52,385	1,264	186,247
Promotional	288,664	150		288,814	1,074	73,694	363,582
Interest expense	50,439	5,086		55,525	9,908	2,130	67,563
Miscellaneous	106,341	14,259		120,600	175,364	19,300	315,264
Total expenses reported by function	<u>\$ 8,370,686</u>	<u>\$ 411,850</u>	<u>\$ 69,712</u>	<u>\$ 8,852,248</u>	<u>\$ 2,413,930</u>	<u>\$ 441,870</u>	<u>\$11,708,048</u>

See Notes to Consolidated Financial Statements

## THE LAKESIDE ASSOCIATION AND AFFILIATES

### Consolidated Statements of Functional Expenses Year Ended March 31, 2022

	Program			Total Program	General and Administrative	Fundraising	Total
	Chautauqua	Realty	Memorial Garden				
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
<b>Total expenses reported by function</b>	<b>\$ 6,370,733</b>	<b>\$ 393,351</b>	<b>\$ 64,770</b>	<b>\$ 6,828,854</b>	<b>\$ 1,951,391</b>	<b>\$ 344,504</b>	<b>\$ 9,124,749</b>

See Notes to Consolidated Financial Statements

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Consolidated Statements of Cash Flows

	Years Ended March 31,	
	2023	2022
<b>Cash Flows From Operating Activities:</b>		
Changes in net assets:	\$ 1,518,021	\$ 1,414,439
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	973,763	977,829
Amortization of goodwill	-0-	10,000
Paycheck Protection Program loan forgiveness	-0-	( 639,410)
Realized/unrealized (gain) loss on investments	1,007,046	( 465,854)
Gain on disposal of property and equipment	( 71)	( 4,900)
Contributions restricted for long-term investment	( 203,340)	( 144,820)
Change in annuity agreements, net	3,580	5,215
(Increase) decrease in assets:		
Accounts receivable	( 155,473)	( 40,924)
Employee Retention Credit receivable	( 558,112)	-0-
Supplies inventory	3,756	( 3,249)
Prepaid expenses	22,165	( 98,459)
Increase (decrease) in liabilities:		
Accounts payable	( 10,886)	72,589
Accrued salaries and wages	66,998	( 45,142)
Deferred revenue	388,404	346,853
Net cash provided by operating activities	<u>3,055,851</u>	<u>1,384,167</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	( 1,161,343)	( 834,654)
Insurance proceeds from disposal of building	1,250	4,900
Purchases of investments	( 1,968,372)	( 420,265)
Payments to annuitants	( 3,580)	( 5,215)
Proceeds from sale of investments	1,946,808	440,020
Net cash used in investing activities	<u>( 1,185,237)</u>	<u>( 815,214)</u>
<b>Cash Flows From Financing Activities:</b>		
Contributions restricted for long-term investment	203,340	144,820
Proceeds from line of credit	9,332	-0-
Payments on notes payable	( 106,079)	( 99,898)
Net cash provided by financing activities	<u>106,593</u>	<u>44,922</u>
Net increase in cash and cash equivalents	1,977,207	613,875
Cash and cash equivalents at beginning of year	<u>3,223,561</u>	<u>2,609,686</u>
<b>Cash and cash equivalents at end of year</b>	<b><u>\$ 5,200,768</u></b>	<b><u>\$ 3,223,561</u></b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for:		
Interest	<u>\$ 67,563</u>	<u>\$ 62,693</u>
Income taxes	<u>\$ 10,000</u>	<u>\$ 45,000</u>
<b>Supplemental disclosure of noncash activities:</b>		
Real property purchased with a note payable	<u>\$ -0-</u>	<u>\$ 281,125</u>

See Notes to Consolidated Financial Statements

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### 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.

#### **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.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### **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 investment in property and equipment and 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. During the year ended March 31, 2023, a historic preservation fee included was included in the gate fees for adults. The historic preservation fees collected are designated by the board of directors to be used for projects (a) which preserve, protect, and improve landscapes, buildings, and amenities within Lakeside that have a meaningful role in Lakeside's past and (b) which will preserve and enhance Lakeside's heritage for future generations, as approved by the board of directors of the Association.

#### **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.

#### **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.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### 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. Accounts receivable consist of the following:

	March 31,		April 1,
	2023	2022	2021
Accounts receivable	\$ 659,619	\$ 375,112	\$ 338,556
Allowance for doubtful accounts	132,359	3,325	7,693
Accounts receivable, net	<u>\$ 527,260</u>	<u>\$ 371,787</u>	<u>\$ 330,863</u>

Bad debt (expense) recovery was (\$129,034) and \$4,167, respectively, for the years ended March 31, 2023 and 2022.

#### 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, 2023 and 2022 was \$973,763 and \$977,829, respectively.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### Investments

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

	March 31,	
	2023	2022
Fiduciary investments	\$ 253,812	\$ 277,223
Endowment investments	8,857,906	9,776,558
Association investments	701,304	744,723
	<u>\$ 9,813,022</u>	<u>\$ 10,798,504</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, 2023 and 2022 was \$90,000. Accumulated amortization for the years ended March 31, 2023 and 2022 was \$90,000. Amortization expense for the years ended March 31, 2023 and 2022 was \$-0- and \$10,000, respectively.

#### 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.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### Revenue Recognition (Continued)

##### *Chautauqua Revenue*

Chautauqua revenue consists of the following:

	Years Ended March 31,	
	2023	2022
Admission charges	\$ 4,663,790	\$ 2,996,200
Assessment fees	1,981,736	1,190,052
Facility rentals	114,592	92,621
Hotel accommodations	1,329,731	1,118,451
Commercial rental	224,997	199,825
Other programmatic revenue	907,501	729,686
Restaurant	260,272	490,129
	<u>\$ 9,482,619</u>	<u>\$ 6,816,964</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.

**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 expenses and capital repairs related to streets and sanitation. 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, 2023 and 2022 was 0.491% and 0.308%, respectively. 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, 2023 and 2022. Assessment fee revenue is recognized over the assessment period.



# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### Revenue Recognition (Continued)

##### *Chautauqua Revenue (Continued)*

#### **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,	
	2023	2022
Cottage rental revenue, net	\$ 356,406	\$ 266,622
Realty commissions, net	80,748	105,296
Commercial rental	15,000	15,000
Other programmatic revenue	2,015	429
	<u>\$ 454,169</u>	<u>\$ 387,347</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.

Cottage rental revenue net of owner cottage rental commissions was:

	Year Ended March 31,	
	2023	2022
Cottage rentals revenue	\$ 1,038,437	\$ 960,622
Owner cottage rentals commissions	( 682,031)	( 694,000)
Cottage rental revenue, net	<u>\$ 356,406</u>	<u>\$ 266,622</u>

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### Revenue Recognition (Continued)

##### *Realty Revenue (Continued)*

**Realty Commissions:** Realty provides real estate sale services inside the Association's gates and in the surrounding areas under a brokerage services and commission agreement (Brokerage Agreement) with an unrelated real estate brokerage company (Company). The Brokerage Agreement has an initial term of five years expiring in April 2026 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.

##### *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 Loan

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 \$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.

#### Employee Retention Credits

On March 27, 2020, the President of the United States of America signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act or the Act). Under the Act, the Employee Retention Credit (ERC) program was established to encourage businesses to keep employees on their payroll through 2020. Through subsequent acts, the program was extended through 2021 and allowed businesses to claim the credit on 2020 and 2021 wages retroactively. The ERC is a fully refundable tax credit available to eligible employers whose business has been financially impacted by COVID-19 to claim on qualified wages. As of March 31, 2023 and 2022, the Association had \$558,112 and \$-0- recorded as a receivable and other income, respectively. The Association received the ERC receivable in full on April 24, 2023.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### **Advertising**

Advertising costs are charged to expense in the period the advertising first takes place. Advertising expense was \$85,438 and \$48,544 for the years ended March 31, 2023 and 2022, 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.

#### **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, 2023 and 2022, the Association did not deaccession of any collections for proceeds.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

#### Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation. The reclassifications had no effect on the Association's total assets, liabilities, or net assets.

#### Subsequent Events

Subsequent events have been evaluated through July 17, 2023 which is the date the consolidated financial statements were available to be issued.

### 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, 2023 and 2022, the Association also has access to lines of credit, making \$2,981,833 and \$1,191,165, respectively, 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,	
	2023	2022
Cash and cash equivalents	\$ 2,731,754	\$ 2,166,569
Accounts receivable, net	527,260	371,787
Employee Retention Credit receivable	558,112	-0-
Endowment spending rate distributions and appropriations over the next 12 months	369,575	338,406
Association investments	701,304	744,723
Financial assets available to meet the cash needs for general expenditures within one year	<u>\$ 4,888,005</u>	<u>\$ 3,621,485</u>

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### 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).

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,	
	2023	2022
Money market funds	\$ 357,087	\$ 359,218
Equity mutual funds	7,481,006	8,261,826
Fixed income mutual funds	1,738,884	1,875,668
Real estate investment trust (REIT)	236,045	301,792
Total	<u>\$ 9,813,022</u>	<u>\$ 10,798,504</u>

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

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

The following is a description of the valuation methodologies used to measure the investments at fair value as of March 31, 2023 and 2022. There have been no changes in the methodologies used as of March 31, 2023 and 2022.

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.

### 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 (8.00% at March 31, 2023). At March 31, 2023 and 2022, the Association had borrowings outstanding of \$-0-. The line of credit renews on an annual basis.

The Association had 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%. The demand line of credit was scheduled to mature in September 2023. In March 2023, the Association replaced and paid off the demand line of credit with the revolving line of credit further described below, and the demand line of credit agreement was terminated. At March 31, 2023 and 2022, the Association had borrowings outstanding of \$-0- and \$308,835, respectively.

In March 2023, the Association executed a revolving line of credit agreement with a bank and paid off the balance on the demand line of credit with borrowings from the revolving line of credit. The revolving line of credit is secured by certain investments of the Association with maximum borrowings of \$2,800,000 at the adjusted daily SOFR rate (4.87% at March 31, 2023). At March 31, 2023 and 2022, the Association had borrowings outstanding of \$318,167 and \$-0-, respectively.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### NOTE E - NOTES PAYABLE

Notes payable consist of the following term notes payable:

Maturity Date	Interest Rate	Secured By:	March 31,	
			2023	2022
12/2023	5.35%	real property - the Smith Building	\$ 86,859	\$ 100,967
01/2034	5.00%	real property - on Walnut Street real property - at the Memorial Garden and Lakeside Chautauqua Park	187,284	199,911
12/2029	4.24%	Chautauqua Park	128,393	144,382
12/2024	3.99%	real property - on Vine Street	18,162	27,918
06/2024	4.15%	real property - on Poplar Street	133,072	138,673
12/2024	3.50%	real property - on East 6th Street	355,485	369,411
12/2024	3.50%	real property - on Poplar Street	243,247	264,449
01/2026	5.49%	specific vehicle	28,118	37,528
11/2023	7.02%	specific vehicle	1,794	5,254
			<u>1,182,414</u>	<u>1,288,493</u>
		Less current portion	185,651	105,444
		Long-term portion of notes payable	<u>\$ 996,763</u>	<u>\$ 1,183,049</u>

Future maturities of notes payable are as follows:

Years Ending March 31,	Amount
2024	\$ 185,651
2025	543,709
2026	67,956
2027	62,613
2028	65,566
Thereafter	256,919
	<u>\$ 1,182,414</u>

Interest expense was \$67,563 and \$62,693 during the years ended March 31, 2023 and 2022, 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, 2023 and 2022, total assets of \$253,812 and \$277,223, respectively, were held by the Association, which are included in investments on the consolidated statements of financial position.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### NOTE F - SPLIT INTEREST AGREEMENTS (CONTINUED)

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, 2023 and 2022, 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%.

### NOTE G - NET ASSETS WITH DONOR RESTRICTION

Net assets were restricted by donors for the following purposes:

	March 31,	
	2023	2022
Development fund		
Building and grounds	\$ 136,351	\$ 100,397
Programming	229,050	288,514
Historic preservation	80,573	80,573
Hoover Auditorium	1,720,919	468,518
Lakeside sesquicentennial celebration	175,880	93,434
Lakefront project	77,111	71,611
Accommodations	49,130	7,945
Available for subsequent years' activities	-0-	6,800
Total development fund	2,469,014	1,117,792
Fiduciary fund: charitable gift annuities, net	222,497	245,908
Endowment funds	6,297,098	6,893,346
Total net assets with donor restriction	<u>\$ 8,988,609</u>	<u>\$ 8,257,046</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 LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### NOTE H - ENDOWMENT (CONTINUED)

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.

#### **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.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### NOTE H - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of March 31, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 2,478,558		\$ 2,478,558
Regulatory-restricted endowment funds	82,250		82,250
Donor restricted			
Original donor-restricted gift		\$ 4,261,922	4,261,922
Accumulated investment gains		2,035,176	2,035,176
Total	<u>\$ 2,560,808</u>	<u>\$ 6,297,098</u>	<u>\$ 8,857,906</u>

Changes in endowment net assets for the year ended March 31, 2023:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 2,883,211	\$ 6,893,346	\$ 9,776,557
Investment return, net	( 227,425)	( 558,598)	( 786,023)
Contributions		203,340	203,340
Burial fees	2,200		2,200
Appropriation	( 97,178)	( 240,990)	( 338,168)
Endowment net assets, end of year	<u>\$ 2,560,808</u>	<u>\$ 6,297,098</u>	<u>\$ 8,857,906</u>

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

	Without Donor Restriction	With Donor Restriction	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

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### NOTE H - ENDOWMENT (CONTINUED)

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

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 2,794,513	\$ 6,534,971	\$ 9,329,484
Investment return, 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>

### 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, 2023 and 2022 was \$82,250 and \$82,293, 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 year 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 \$49,775 and \$37,758, respectively, to the 401(k) Plan during the years ended March 31, 2023 and 2022. Under the 401(k) Plan, the Association also contributes a percentage of eligible employees' annual compensation. The contribution percentage is at the discretion of the Board of Directors and is determined annually. The Association contributed \$74,794 and \$43,838, respectively, under the plan during the years ended March 31, 2023 and 2022.

# THE LAKESIDE ASSOCIATION AND AFFILIATES

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## Notes to Consolidated Financial Statements Years Ended March 31, 2023 and 2022

### 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>
2024	\$ 68,268
2025	62,146
2026	58,420
2027	37,760
2028	37,869
Thereafter	111,234
	<u>\$ 375,697</u>

### NOTE L - INCOME TAXES

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

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.

Income tax expense for the years ended March 31, 2023 and 2022 was \$-0-. 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, 2023 and 2022, 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.



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, 2023, and our report thereon dated July 17, 2023, 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 28 - 30 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  
July 17, 2023

## THE LAKESIDE ASSOCIATION AND AFFILIATES

### Consolidating Statement of Financial Position March 31, 2023

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 4,461,035	\$ 609,190	\$ 130,543			\$ 5,200,768
Accounts receivable, net	739,927				(\$ 212,667)	527,260
Employee Retention Credit receivable	558,112					558,112
Supplies inventory	9,733					9,733
Prepaid expenses	115,667	24,017				139,684
<b>TOTAL CURRENT ASSETS</b>	<b>5,884,474</b>	<b>633,207</b>	<b>130,543</b>	<b>\$ -0-</b>	<b>( 212,667)</b>	<b>6,435,557</b>
<b>Property and Equipment</b>						
Land and land improvements	11,521,096	102,855	518,786			12,142,737
Buildings and fixed equipment	17,185,426	165,263				17,350,689
Equipment	4,655,618					4,655,618
	33,362,140	268,118	518,786	-0-	-0-	34,149,044
Less accumulated depreciation	20,731,758	76,609	230,761			21,039,128
	12,630,382	191,509	288,025	-0-	-0-	13,109,916
Construction in progress	1,359,811					1,359,811
	13,990,193	191,509	288,025	-0-	-0-	14,469,727
<b>Other Assets</b>						
Investments	701,304		88,582	9,023,136		9,813,022
Investment in Subsidiary	524,809				( 524,809)	-0-
	1,226,113	-0-	88,582	9,023,136	( 524,809)	9,813,022
<b>TOTAL ASSETS</b>	<b>\$ 21,100,780</b>	<b>\$ 824,716</b>	<b>\$ 507,150</b>	<b>\$ 9,023,136</b>	<b>(\$ 737,476)</b>	<b>\$ 30,718,306</b>

See Independent Auditors' Report on Supplementary Information

## THE LAKESIDE ASSOCIATION AND AFFILIATES

### Consolidating Statement of Financial Position (Continued) March 31, 2023

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 266,218	\$ 80,107	\$ 131,997		(\$ 212,667)	\$ 265,655
Accrued salaries and wages	214,106	3,095				217,201
Deferred revenue	543,217	563,827	111,500			1,218,544
Line of credit	318,167					318,167
Current portion of notes payable	98,792	86,859				185,651
Current portion of obligations under annuity agreements				\$ 3,367		3,367
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,440,500</b>	<b>733,888</b>	<b>243,497</b>	<b>3,367</b>	<b>( 212,667)</b>	<b>2,208,585</b>
<b>Long-Term Liabilities</b>						
Notes payable, less current portion	996,763					996,763
Obligations under annuity agreements, less current portion				27,948		27,948
	<u>996,763</u>	<u>-0-</u>	<u>-0-</u>	<u>27,948</u>	<u>-0-</u>	<u>1,024,711</u>
<b>TOTAL LIABILITIES</b>	<b>2,437,263</b>	<b>733,888</b>	<b>243,497</b>	<b>31,315</b>	<b>( 212,667)</b>	<b>3,233,296</b>
<b>Net Assets</b>						
Without donor restriction						
Undesignated	3,255,392	( 13,822)	( 112,954)		( 524,809)	2,603,807
Investment in property and equipment	12,894,638	104,650	288,025			13,287,313
Designated by the Board for historic preservation	44,473					44,473
Designated by the Board for endowment				2,478,558		2,478,558
Regulatory-restricted endowment funds			82,250			82,250
	<u>16,194,503</u>	<u>90,828</u>	<u>257,321</u>	<u>2,478,558</u>	<u>( 524,809)</u>	<u>18,496,401</u>
With donor restriction						
Development fund	2,469,014					2,469,014
Fiduciary fund				222,497		222,497
Endowment funds			6,332	6,290,766		6,297,098
	<u>2,469,014</u>	<u>-0-</u>	<u>6,332</u>	<u>6,513,263</u>	<u>-0-</u>	<u>8,988,609</u>
<b>TOTAL NET ASSETS</b>	<b>18,663,517</b>	<b>90,828</b>	<b>263,653</b>	<b>8,991,821</b>	<b>( 524,809)</b>	<b>27,485,010</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 21,100,780</b>	<b>\$ 824,716</b>	<b>\$ 507,150</b>	<b>\$ 9,023,136</b>	<b>(\$ 737,476)</b>	<b>\$ 30,718,306</b>

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, 2023

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
<b>REVENUE AND OTHER SUPPORT</b>						
Program revenue						
Chautauqua Realty, net	\$ 9,482,619					\$ 9,482,619
Memorial Garden - burial fees		\$ 454,169	\$ 36,000			454,169
	<u>9,482,619</u>	<u>454,169</u>	<u>36,000</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>9,972,788</u>
Support						
Contributions and bequests	3,334,577			203,340		3,537,917
Investment income, net	( 33,028)		( 2,773)	( 803,438)		( 839,239)
Change in annuity agreements, net				( 3,580)		( 3,580)
	<u>3,301,549</u>	<u>-0-</u>	<u>( 2,773)</u>	<u>( 603,678)</u>	<u>-0-</u>	<u>2,695,098</u>
Total revenue and support	12,784,168	454,169	33,227	( 603,678)	-0-	12,667,886
Endowment appropriation	338,168			( 338,168)		-0-
Total revenue and other support	<u>13,122,336</u>	<u>454,169</u>	<u>33,227</u>	<u>( 941,846)</u>	<u>-0-</u>	<u>12,667,886</u>
<b>EXPENSES</b>						
Salaries and wages	3,990,032	185,999	29,720			4,205,751
Payroll taxes	325,385	9,511				334,896
Employee benefits	571,857	19,733				591,590
Program contracts	1,202,899	200				1,203,099
Supplies	413,865	3,194	6,316			423,375
Depreciation and amortization	942,785	5,509	25,469			973,763
Utilities, telephone, and rubbish removal	615,711	1,255	964			617,930
Maintenance and repairs	398,617	111,204	7,095			516,916
Advertising and publications	85,438					85,438
Travel and auto	165,097					165,097
Food service and lodging	486,229					486,229
Professional fees	452,374	1,224	25			453,623
Bank charges	321,289	45,880	123			367,292
Insurance	198,836	5,143				203,979
Taxes	144,159	2,255				146,414
Lease payments	184,999	1,248				186,247
Promotional	363,432	150				363,582
Interest expense	62,477	5,086				67,563
Miscellaneous	301,005	14,259				315,264
Total expenses	<u>11,226,486</u>	<u>411,850</u>	<u>69,712</u>	<u>-0-</u>	<u>-0-</u>	<u>11,708,048</u>
<b>OTHER INCOME</b>						
Employee retention credit income	558,112					558,112
Gain on disposal of property and equipment	71					71
Total other income	<u>558,183</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>558,183</u>
Changes in net assets	2,454,033	42,319	( 36,485)	( 941,846)	-0-	1,518,021
Net assets, beginning of year	16,209,484	48,509	300,138	9,933,667	( 524,809)	25,966,989
<b>NET ASSETS, end of year</b>	<b><u>\$ 18,663,517</u></b>	<b><u>\$ 90,828</u></b>	<b><u>\$ 263,653</u></b>	<b><u>\$ 8,991,821</u></b>	<b><u>(\$ 524,809)</u></b>	<b><u>\$ 27,485,010</u></b>

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