

**LUTHERAN CAMP ASSOCIATION  
SEQUANOTA  
REVIEWED FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Lutheran Camp Association - Sequanota  
Jennerstown, PA 15547

We have reviewed the accompanying financial statements of Lutheran Camp Association - Sequanota (a nonprofit organization) which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

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

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, Lutheran Camp Association - Sequanota adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our conclusion is not modified with respect to this matter.

### Report on 2018 Financial Statements

The 2018 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated October 1, 2019. We have not performed any auditing procedures since that date.

*Beer Ream Co*

November 3, 2020

**LUTHERAN CAMP ASSOCIATION-SEQUANOTA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 49,408	\$ 55,941
Accounts receivable	2,525	-
Due from employee (Note 8)	694	280
Prepaid expense	6,273	7,355
Inventory	6,240	5,537
	<u>65,140</u>	<u>69,113</u>
Total current assets	65,140	69,113
Endowment fund (Note 2)	25,150	3,817
Property and equipment (Note 3)	981,349	1,057,486
	<u>981,349</u>	<u>1,057,486</u>
TOTAL ASSETS	<u>\$ 1,071,639</u>	<u>\$ 1,130,416</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Current portion of notes payable (Note 5)	\$ 10,939	\$ 11,606
Accounts payable	8,195	9,557
Advance camper fee	3,190	3,663
Accrued liabilities	5,243	4,953
	<u>27,567</u>	<u>29,779</u>
Total current liabilities	27,567	29,779
Note payable, less current portion (Note 5)	277,782	287,690
	<u>277,782</u>	<u>287,690</u>
Total liabilities	<u>305,349</u>	<u>317,469</u>
Net assets		
Without donor restrictions	718,378	759,339
With donor restrictions	47,912	53,608
	<u>47,912</u>	<u>53,608</u>
Total net assets	<u>766,290</u>	<u>812,947</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,071,639</u>	<u>\$ 1,130,416</u>

See independent accountant's review report and accompanying notes to the financial statements.

**LUTHERAN CAMP ASSOCIATION-SEQUANOTA**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

CHANGE IN NET ASSETS	2019 (Unaudited)			2018 (Audited)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Program and registration fees	\$ 190,698	\$ -	\$ 190,698	\$ 194,659	\$ -	\$ 194,659
Conference fee revenue	85,000	-	85,000	79,214	-	79,214
Store sales	11,484	-	11,484	9,172	-	9,172
Gifts and contributions	79,500	92,798	172,298	87,277	99,952	187,229
Interest income	327	-	327	247	-	247
Fundraising revenue	26,179	-	26,179	29,257	-	29,257
Grant revenue	-	-	-	18,123	-	18,123
Other revenue	43,028	-	43,028	3,767	-	3,767
TOTAL SUPPORT	436,216	92,798	529,014	421,716	99,952	521,668
Net assets released due to satisfaction of donor restrictions	98,494	(98,494)	-	150,078	(150,078)	-
	534,710	(5,696)	529,014	571,794	(50,126)	521,668
Program expenses						
Camp	176,308	-	176,308	170,777	-	170,777
Food	58,183	-	58,183	57,963	-	57,963
Facility	225,888	-	225,888	225,653	-	225,653
	460,379	-	460,379	454,393	-	454,393
Other expenses						
General and administrative	93,996	-	93,996	87,956	-	87,956
Fundraising	21,296	-	21,296	21,440	-	21,440
TOTAL EXPENSES	575,671	-	575,671	563,789	-	563,789
INCREASE (DECREASE) IN NET ASSETS	(40,961)	(5,696)	(46,657)	8,005	(50,126)	(42,121)
BEGINNING NET ASSETS (Note 15)	759,339	53,608	812,947	751,334	103,734	855,068
ENDING NET ASSETS	\$ 718,378	\$ 47,912	\$ 766,290	\$ 759,339	\$ 53,608	\$ 812,947

See independent accountant's review report and accompanying notes to the financial statements.

**LUTHERAN CAMP ASSOCIATION-SEQUANOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019 (Unaudited)**

	General and		Program			Totals
	Administrative	Fundraising	Facility	Food	Camp	
Salaries	\$ 22,555	\$ 8,558	\$ 49,425	\$ 16,951	\$ 95,286	\$ 192,775
Payroll taxes and employee benefits	11,089	4,123	8,289	1,297	24,868	49,666
Electric	4,624	-	25,755	-	-	30,379
Food cost	-	-	-	33,533	-	33,533
Supplies	777	900	26,022	2,420	19,311	49,430
Telephone	2,495	-	1,552	-	1,552	5,599
Postage and shipping	1,128	-	-	-	-	1,128
Repairs and maintenance	5,547	-	12,269	3,982	2,384	24,182
Equipment lease	1,456	-	-	-	-	1,456
Travel and meeting	7,343	-	-	-	2,953	10,296
Professional services	4,800	-	-	-	-	4,800
Insurance	2,142	343	6,934	-	13,338	22,757
Public relations	4,775	-	-	-	-	4,775
Professional memberships	2,953	-	-	-	-	2,953
Store costs	-	-	-	-	9,052	9,052
Trash removal	-	-	1,656	-	-	1,656
License and permits	249	-	-	-	-	249
Propane and heating oil	237	-	6,909	-	-	7,146
Miscellaneous	2,952	6,586	7,848	-	-	17,386
Benefit dinner	-	786	-	-	-	786
Depreciation	-	-	79,229	-	-	79,229
Casual labor	3,700	-	-	-	7,564	11,264
Interest expense	15,174	-	-	-	-	15,174
<b>TOTAL EXPENSES</b>	<b>\$ 93,996</b>	<b>\$ 21,296</b>	<b>\$ 225,888</b>	<b>\$ 58,183</b>	<b>\$ 176,308</b>	<b>\$ 575,671</b>

See independent accountant's review report and accompanying notes to the financial statements.

**LUTHERAN CAMP ASSOCIATION-SEQUANOTA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (Audited)**

	General and		Program			Totals
	Administrative	Fundraising	Facility	Food	Camp	
Salaries	\$ 21,435	\$ 8,342	\$ 55,081	\$ 18,454	\$ 97,493	\$ 200,805
Payroll taxes and employee benefits	10,078	3,763	8,277	1,412	25,423	48,953
Electric	3,435	-	25,989	-	-	29,424
Food cost	-	-	-	33,400	-	33,400
Supplies	1,031	900	18,536	2,793	9,020	32,280
Telephone	2,795	-	1,446	-	1,446	5,687
Postage and shipping	914	-	-	-	-	914
Repairs and maintenance	6,944	-	9,652	1,715	6,115	24,426
Equipment lease	1,652	-	-	-	-	1,652
Travel and meeting	2,811	-	-	189	4,399	7,399
Professional services	4,500	-	-	-	-	4,500
Insurance	1,950	309	6,663	-	12,925	21,847
Public relations	7,128	-	-	-	-	7,128
Professional memberships	2,712	-	-	-	-	2,712
Store costs	-	-	-	-	5,850	5,850
Trash removal	-	-	1,463	-	-	1,463
License and permits	239	-	-	-	-	239
Propane and heating oil	605	-	7,081	-	-	7,686
Miscellaneous	2,574	7,205	9,061	-	754	19,594
Benefit dinner	-	921	-	-	-	921
Depreciation	-	-	82,404	-	-	82,404
Casual labor	2,229	-	-	-	7,352	9,581
Interest expense	14,924	-	-	-	-	14,924
<b>TOTAL EXPENSES</b>	<b>\$ 87,956</b>	<b>\$ 21,440</b>	<b>\$ 225,653</b>	<b>\$ 57,963</b>	<b>\$ 170,777</b>	<b>\$ 563,789</b>

See independent accountant's review report and accompanying notes to the financial statements.

**LUTHERAN CAMP ASSOCIATION-SEQUANOTA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<i>Restated</i> <b>2018</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (46,657)	\$ (42,121)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	79,229	82,404
Realized (gain) loss on disposal of asset	(650)	-
Donated non-cash items included in revenue	(14,416)	(9,861)
Donated non-cash items included in expense	14,416	9,861
Decrease (increase) in accounts receivable	(2,525)	-
Decrease (increase) in due from employee	(414)	(280)
Decrease (increase) in prepaid expense	1,082	(865)
Decrease (increase) in inventory	(703)	(324)
Increase (decrease) in accounts payable	(1,362)	(2,114)
Increase (decrease) in advance camper fee	(473)	(112)
Increase (decrease) in accrued liabilities	290	(3,698)
	74,474	75,011
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>27,817</b>	<b>32,890</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Withdrawal from (investments in) endowment fund	(21,333)	20,776
Proceeds from sale of asset	650	-
Purchase of fixed assets	(3,092)	(112,714)
	(23,775)	(91,938)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(23,775)</b>	<b>(91,938)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from line of credit	-	19,000
Repayment of line of credit	(299,296)	-
Proceeds of long-term debt	301,351	-
Repayment of long-term debt	(12,630)	-
	(10,575)	19,000
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(10,575)</b>	<b>19,000</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(6,533)</b>	<b>(40,048)</b>
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>55,941</b>	<b>95,989</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>\$ 49,408</b>	<b>\$ 55,941</b>
Interest paid during the year	\$ 15,039	\$ 15,480

See independent accountant's review report and accompanying notes to the financial statements.



**LUTHERAN CAMP ASSOCIATION - SEQUANOTA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

Association - The Association manages the operations of Camp Sequanota and Conference Center. The Association is affiliated with the Evangelical Lutheran Church in America, and is a non-profit corporation with the following statement of purpose:

To be an integral part of the life and ministry of the Church by:

- a. Providing Christ-centered programs to youth and adults, especially of Lutheran congregations.
- b. Serving as a resource for the training of church staff, governing bodies and volunteers.
- c. Providing opportunities to develop an awareness of and a sense of responsibility for the environment.
- d. Challenging youth and adults to study and become involved in major issues of the Church, including issues of peace and justice.
- e. Utilizing resources to serve as a Christian witness to the community at large.

Basis of Accounting - The financial statements of the Association have been prepared on the accrual basis of accounting.

Financial Statement Presentation - Financial statement presentation follows generally accepted accounting principles whereby the Association is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Cash - The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Revenue Recognition -

In 2019, the Association adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. As stated above, the financial statements are prepared on the accrual basis of accounting, whereby all sources of income are recorded when earned. Factors such as local economic conditions and patron geographical location may impact the nature, amount, timing, and uncertainty of revenue. Accounting policies for revenue derived from significant income categories are as follows:

*Program and registration fees:* Camp tuition revenue is recognized in the fiscal year in which the camp programs are delivered. Camp scholarships awarded to campers reduce the amount of revenue recognized. Campers that cancel attendance may receive a full or partial refund in accordance with the Association's refund policy. Refunds issued reduce the amount of revenue recognized. Payments for camp tuition are due before the start of the camp program term. Deferred revenue represents payments received in the current fiscal year for camp programs in the subsequent fiscal year.

*Conference fee revenue:* The Association hosts a variety of retreats and events throughout the year. Revenue is recognized in the fiscal year in which the event is held.

*Store sales:* The Association maintains a store on site where campers may purchase various items needed during their stay, as well as various mementos.

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

*Gifts and contributions* - Contribution revenue is recognized when received. Contributions are accounted for following generally accepted accounting principles whereby contributions received are recorded as without donor restriction or with donor restriction support depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Donations of noncash support are reflected in the accompanying statements at their estimated fair values at the time of receipt. Noncash donations for 2019 and 2018 were \$14,416 and \$9,861, respectively. Donated services are not recorded in the financial statements because the requirements for recognition have not been met.

*Fundraising revenue:* The Association holds several fundraisers throughout the year. Ticket sales, sponsorships, donations, raffles and other revenues raised from these events are recorded when earned.

*Grant revenue:* Grant revenue is recognized when earned and is recorded as revenue with or without donor restrictions, depending on the existence or nature of restrictions.

*Other revenue:* The Association receives revenue from a variety of other sources, including proceeds from the disposal of assets, the sale of timber from the facility grounds, the receipt of various refunds and rebates, and other miscellaneous sources.

Federal Income Taxes - The Association is included in the Evangelical Lutheran Church in America's tax-exempt status as defined under Internal Revenue Code Section 501 (c)(3). Accordingly, no provision for income taxes has been made in the financial statements. Management is not aware of any activities that would jeopardize the tax-exempt status.

Inventory - Inventories of food, supplies and store-related goods are stated at cost using the first-in, first-out (FIFO) method.

Advertising - The Association expenses the cost of advertising as it is incurred.

Impairment of Long-Lived Assets - The Association reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no asset impairments for 2019 and 2018.

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

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Cost Allocation - The financial statements report certain categories of expenses that are attributable to both program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Association allocates payroll and related costs to program, fundraising, and administrative functions based on time incurred. Indirect costs are allocated using reasonable methods based on the Association's cost allocation policy. General and administrative activities are defined as supporting activities that are not directly identifiable with one or more programs or fundraising activity.

**NOTE 2 - ENDOWMENT FUND**

The Association's Board of Directors created and maintains a fund from unrestricted donations to be used for various purposes. The Board designates the use of the Endowment Fund principal. Earnings are used to fund camp operations. As required by Generally Accepted Accounting Principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investments consist of a cash savings account and certificate of deposit assets that attempt to provide a predictable stream of funding to programs supported by its endowment while assuming a lower level of investment risk.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated, Endowment Fund	\$ 25,150	\$ -	\$ 25,150
Total Funds	<u>\$ 25,150</u>	<u>\$ -</u>	<u>\$ 25,150</u>

Changes in endowment net assets for the fiscal years ended December 31 2019:

	<u>Without Donor Restrictions</u>
Endowment Net Assets, Beginning of Year	\$ 3,817
Investment Return:	
Investment income	312
Net appreciation (realized and unrealized)	<u>-</u>
Total Investment Return:	312
Contributions	21,021
Release of appropriated endowment assets for expenditures	<u>-</u>
Endowment Net Assets, End of Year	<u>\$ 25,150</u>

During 2019, the Board of Directors designated and additional \$21,021 as part of endowment fund.

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - ENDOWMENT FUND (Cont'd)**

Endowment net asset composition by type of fund as of December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated, Endowment Fund	\$ 3,817	\$ -	\$ 3,817
Total Funds	<u>\$ 3,817</u>	<u>\$ -</u>	<u>\$ 3,817</u>

Changes in endowment net assets for the fiscal years ended December 31 2018:

	<u>Without Donor Restrictions</u>
Endowment Net Assets, Beginning of Year	\$ 24,593
Investment Return:	
Investment income	245
Net appreciation (realized and unrealized)	<u>-</u>
Total Investment Return:	245
Contributions	-
Appropriation of endowment assets for expenditures	<u>(21,021)</u>
Endowment Net Assets, End of Year	<u>\$ 3,817</u>

During 2018, the Endowment Fund was reduced by \$21,021 to correctly show the balance that remains Board-Designated at December 31, 2018.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Purchased property and equipment are recorded at cost and donated assets are recorded at their fair market value at the date of the gift. Maintenance and repair costs are charged to expense in the years incurred. Expenses that increase the life or extend the productivity of the asset are capitalized. Property and equipment is depreciated using the straight-line method over the estimated useful lives of the asset. They consist of the following classifications at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 1,602,446	\$ 1,602,446
Land and improvements	1,143,402	1,143,402
Camp equipment	222,890	209,598
Office equipment	10,310	10,310
Vehicles	<u>55,183</u>	<u>75,382</u>
	3,034,231	3,041,138
Accumulated depreciation	<u>(2,052,882)</u>	<u>(1,983,652)</u>
	<u>\$ 981,349</u>	<u>\$ 1,057,486</u>

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - PROPERTY AND EQUIPMENT (Cont'd)**

Depreciation expense for 2019 and 2018 was \$79,229 and \$82,404, respectively. If the Association ceases to exist, title to property will pass to the Allegheny Synod of the Evangelical Lutheran Church in America.

**NOTE 4 - LINE OF CREDIT**

The Association opened a line of credit in June 2016 with First Commonwealth Bank to finance pool improvements. The borrowing limit was \$300,000 with a maturity of February 28, 2019. All outstanding principal, plus any accrued interest, was due and payable at maturity. On January 31, 2019, the line of credit was refinanced with First National Bank as a note payable (see Note 5). Outstanding principal at December 31, 2018 was \$299,296 with an interest rate of 5.5%. Interest expense paid in 2019 and 2018 was \$1,417 and \$15,480, respectively.

**NOTE 5 - NOTE PAYABLE**

On January 31, 2019, the Camp refinanced its line of credit as a note payable with First National Bank. Monthly payments of principal and interest are due beginning March 1, 2019, with a maturity of February 1, 2034. Interest for the first 60 payments is fixed at 4.950% and interest for the subsequent 120 payments is variable, with an initial rate at 6.337%. Outstanding principal at December 31, 2019 was \$288,721, and interest expense paid in 2019 was \$13,622.

The following is the scheduled maturity of the note payable for the next five years and thereafter:

<u>Year</u>	<u>Principal</u>
2020	\$ 10,939
2021	15,230
2022	16,001
2023	16,812
2024	16,669
<u>2025 and after</u>	<u>213,070</u>
Total	<u>\$ 288,721</u>

**NOTE 6 - PENSION**

The Executive Director is enrolled in the Evangelical Lutheran Church in America's (ELCA) pension plan. The plan is a contributory money-purchase defined contribution pension plan where a portion of the Executive Director's annual salary is contributed by the Association. The plan also permits additional voluntary contributions by participants. The Association's contribution to this plan is vested immediately for the employee. The principal funding agency is the Board of Pensions of the Evangelical Lutheran Church in America. No other employees receive a retirement benefit. Total pension expense was \$6,864 and \$6,552 for 2019 and 2018, respectively.

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - COMMITMENT FOR COMPENSATED ABSENCES**

The Association has a policy of accumulating unused vacation and sick leave each year. Vacation is earned by full-time, year-round employees at rates varying between five (5) and twenty (20) days with a five (5) day carry over limit for unused days. There was no liability for this benefit for 2019 and 2018.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

The Association is an affiliate of Allegheny Synod of the Evangelical Lutheran Church in America, a non-profit corporation. Allegheny Synod is a religious organization that provides financial support to the Association. The affiliated Synod provided \$39,437 and \$42,754 to the Association in 2019 and 2018, respectively. A member of the Board of Directors of the Association is also on the Board of the Allegheny Synod.

At December 31, 2019, the Association reported \$694 due from the Association's executive director. This amount was repaid in 2020. At December 31, 2018, the Association reported \$280 due from the Association's executive director. This amount was repaid in 2019.

**NOTE 9 - RESTRICTION ON NET ASSETS**

Net assets with donor restrictions at December 31, 2019 and 2018 were \$47,912 and \$53,608, respectively. These net assets are subject to donor-imposed restrictions specifically for staff support and camp improvements.

**NOTE 10 - FINANCIAL INSTRUMENTS**

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The Association places its temporary cash investments with an institution where they are insured by the FDIC for deposits up to \$250,000. However, the Endowment Fund is not invested in these institutions. At December 31, 2019 and 2018, the Association's only uninsured cash balances were held in the Endowment Fund. Concentrations of credit risk with respect to accounts receivable are omitted due to the large number of campers comprising the Association's customer base.

**NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

- Cash, receivables, accounts payable, deferred revenue, accrued expenses: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Endowment fund: Investments consist of a cash savings account and certificate of deposit. The carrying amounts reported from these investments approximate fair values because of the short maturities of the investments.

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 - LEASES**

The Association leased a copier machine under a sixty (60) month lease with a monthly rent of \$129 that ended August 2018. The Association had the option of purchasing the machine at its fair market value at the expiration of the lease but did not purchase the machine. On October 31, 2018, the Association entered into a new sixty (60) month lease. The monthly rent is \$129 and the Association may purchase the machine at the end of the lease term for its fair market value. Total rent paid in 2019 and 2018 was \$1,419 and \$1,548, respectively.

Future annual minimum lease payments are as follows:

2020	\$1,548
2021	1,548
2022	1,548
2023	1,290

**NOTE 13 - CONTINGENCY**

The Association is in an ongoing dispute with one of its vendors regarding pool improvements performed for the Association in 2017. The Association has consulted its legal counsel to assist in resolving the pending lawsuit. Management believes the matter will be resolved without loss to the Association.

**NOTE 14 - FINANCIAL ASSETS AND LIQUIDITY**

The Association has \$74,558 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$49,408 and a Board-designated endowment fund of \$25,150. As of December 31, 2019, there was \$47,912 of net assets subject to donor restriction. None of the remaining financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. However, the Association Board of Directors must approve withdraw of the endowment fund for Association use. The Association sets a goal of having financial assets on hand to meet 60 days of normal operating expenses. As part of its liquidity management, the Association has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. It also invests its cash in excess of its daily needs in short-term investments.

**NOTE 15 - CHANGE OF ACCOUNTING METHOD AND RESTATEMENT**

Effective January 1, 2018, the Association established a threshold for capitalizing fixed assets at \$1,000. All assets under the threshold were removed from fixed assets, resulting in a loss on disposal of assets of \$4,641. This amount was reported as an adjustment to beginning net assets. Additionally, the 2018 statement of cash flows has been restated to include donated non-cash items included in revenue of \$9,861 and donated non-cash items included in expense of \$9,861.

**LUTHERAN CAMP ASSOCIATION - SEQUANOTA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - SUBSEQUENT EVENTS**

Subsequent to the statement of financial position date, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. As a result of the pandemic, and in compliance with state guidelines, the Association canceled its summer camps and various events for the 2020 season. Due to the cancellations, all individuals who had made a deposit or paid registration fees were given the following choices: (1) receive a refund of fees paid, (2) roll the payment forward to the 2021 season, or (3) donate the funds to the Association. Approximately one-third of the funds that had been collected as of the cancellation date were allocated to each of the options. In efforts to sustain operations, the Association used its facilities to operate similar to a family campground operation and sold pool passes. In April 2020, the Association received an Economic Injury Disaster Loan (EIDL) grant of \$8,000 and a Paycheck Protection Program (PPP) loan of \$47,800. Additionally, the Association has received contributions from many donors. According to available guidance by the Small Business Administration, management expects the PPP loan to be fully forgiven. The Association was granted deferral of the principal portion of its loan payments due in March through May 2020. The scheduled principal payments reported in Note 5 have been adjusted accordingly. The Association has also filed a claim with its insurance provider for lost revenue resulting from the pandemic and expects to receive approximately \$20,000 from this claim.

The Association has evaluated subsequent events through November 3, 2020, the date which the financial statements were available to be issued.