



Financial Statements
September 30, 2020

Lions Camp Tatiyee, Inc.

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Independent Accountant's Review Report

To the Board of Directors
Lions Camp Tatiyee, Inc.
Lakeside, Arizona

We have reviewed the accompanying financial statements of Lions Camp Tatiyee, Inc. (the Organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of September 30, 2020, and the related statements of support, revenue, and expenses – modified cash basis, and functional expenses – modified cash basis 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 Organization 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 the modified cash basis of accounting. 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 the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Phoenix, Arizona
December 2, 2020

Lions Camp Tatiyee, Inc.
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis
September 30, 2020

Assets	
Cash	\$ 317,887
Property and equipment, net	<u>603,013</u>
Total assets	<u><u>\$ 920,900</u></u>
Liabilities and Net Assets	
Notes payable	\$ 200,000
Refundable advance - Paycheck Protection Program	<u>58,451</u>
Total liabilities	<u>258,451</u>
Net Assets	
Without donor restrictions	635,159
With donor restrictions	<u>27,290</u>
Total net assets	<u>662,449</u>
Total liabilities and net assets	<u><u>\$ 920,900</u></u>

Lions Camp Tatiyee, Inc.
Statement of Support, Revenue, and Expenses – Modified Cash Basis
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	\$ 392,116	\$ 2,290	\$ 394,406
Fundraising events	5,229	-	5,229
Miscellaneous revenue	5,698	-	5,698
Net assets released from restriction	47,893	(47,893)	-
	450,936	(45,603)	405,333
Total support and revenue			
Expenses			
Program - Camp services	386,606	-	386,606
Administrative	36,762	-	36,762
Fundraising	23,097	-	23,097
	446,465	-	446,465
Total expenses			
Change in Net Assets	4,471	(45,603)	(41,132)
Net Assets, Beginning of Year	630,688	72,893	703,581
Net Assets, End of Year	\$ 635,159	\$ 27,290	\$ 662,449

Lions Camp Tatiyee, Inc.
Statement of Functional Expenses – Modified Cash Basis
Year Ended September 30, 2020

	<u>Camp Services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 161,694	\$ 8,175	\$ 19,075	\$ 188,944
Payroll Taxes	17,632	891	2,080	20,603
Event expense	-	-	1,942	1,942
Accounting and Other Professional Fees	-	17,664	-	17,664
Supplies	4,406	-	-	4,406
Telephone	6,045	-	-	6,045
Postage and Printing	3,734	-	-	3,734
Rentals and Maintenance	12,382	-	-	12,382
Meals	1,256	-	-	1,256
Dues and Subscriptions	-	8,542	-	8,542
Utilities	36,365	-	-	36,365
Mileage	4,961	-	-	4,961
Lodging	89	-	-	89
Depreciation	60,396	-	-	60,396
Interest Paid	-	1,490	-	1,490
Insurance	50,145	-	-	50,145
Other expense	19,419	-	-	19,419
Camp supplies	6,780	-	-	6,780
Recruitment and Training	1,302	-	-	1,302
	<u>\$ 386,606</u>	<u>\$ 36,762</u>	<u>\$ 23,097</u>	<u>\$ 446,465</u>

Note 1 - Nature of Operations and Significant Accounting Policies

Nature of Operations

Lions Camp Tatiyee, Inc. (the Organization) was formed as a nonprofit organization in December 1957. The Organization is structured to operate and maintain a summer camp in Eastern Arizona for special needs individuals.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. That basis differs from generally accepted accounting principles in that certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation incurred. Consequently, the financial statements do not reflect such items as accounts receivable, prepaid expenses, accounts payable, and accrued expenses. Modifications to the cash basis of accounting include the capitalization of property and equipment and related depreciation expense and the recognition of notes receivable and notes payable.

Property and Equipment

Property and equipment are stated at cost and depreciated over their estimated useful lives. Donated assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 40 years. The Organization has established a threshold of \$1,000 for capitalization of depreciable assets.

The Organization reviews its property and equipment whenever events indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment loss was recorded for the year ended September 30, 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of support, revenue, and expenses – modified cash basis as net assets released from restrictions. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization’s program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by the modified cash basis of accounting. Contributed goods are recorded at fair value at the date of donation. During the year ended September 30, 2020, the Organization received no in-kind donations.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of support, revenue, and expenses – modified cash basis. The statement of functional expenses – modified cash basis presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to the program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and payroll taxes, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as an Arizona nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) and has been determined not to be a private foundation under Section 509(a)(1). Accordingly, contributions to it qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is generally subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization has determined it has no taxable unrelated business income and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS, or its Arizona equivalent, Form 99-T.

Management believes that it has appropriate support for any income tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all revenue recognition guidance. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. As of October 1, 2019, the Organization has implemented Topic 606 using the modified retrospective approach and has determined that the adoption does not have an impact on the revenue recognition for the Organization.

FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. As of October 1, 2019, the Organization has implemented the provisions of ASU 2018-08 applicable to contributions received using the modified prospective approach and has determined that this standard does not have an impact on the Organization.

Subsequent Events

The Organization has evaluated subsequent events through December 2, 2020, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities, and net assets – modified cash basis date, are comprised of cash of \$317,887. The Board manages liquidity by operating within a balanced budget and monitoring days cash on hand.

Note 3 - Related Party Transactions

During the year ended September 30, 2009, the Organization entered into a note receivable with a related party. The principal balance of the note was \$100,000 with an interest rate of 5%. During the year ended September 30, 2020, the entire principal amount of \$100,000 was paid by the related party. As of September 30, 2020, approximately \$35,000 is still owed for interest; however, it has not been recorded in the accompanying financial statements as they are prepared on the modified cash basis of accounting.

The Organization has also pledged its dining hall as collateral on a \$75,000 note between a related party and another nonprofit organization.

Note 4 - Notes Payable

Notes payable consisted of the following at September 30, 2020:

1.00% note payable to an unrelated party to be paid in full, in addition to accrued interest. During the current year, the note was amended to extend the maturity date one year to March 19, 2021 with interest continuing to accrue.	\$ 50,000
2.75% SBA Economic Injury Disaster Loan, monthly principal and interest payments of \$641 beginning on June 7, 2021 and continuing for 30 years. All remaining principal and interest will be due and payable on maturity at June 7, 2051. Note payable is secured by substantially all assets of the Organization.	150,000
	\$ 200,000

Future maturities of notes payable are as follows:

Years Ending September 30,	
2021	\$ 50,869
2022	3,538
2023	3,637
2024	3,738
2025	3,842
Thereafter	134,376
	\$ 200,000

Note 5 - Paycheck Protection Program Award

The Organization was granted a \$58,451 award under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The award is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for forgiveness of up to 100% of the award, upon meeting certain requirements. The Organization has initially recorded the award as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP award. Proceeds from the award are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended September 30, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness.

Note 6 - Property and Equipment

Property and equipment consisted of the following at September 30, 2020:

Buildings and structures	\$ 1,306,810
Furniture and fixtures	441,833
Leasehold improvements	<u>708,860</u>
	2,457,503
Accumulated depreciation	<u>(1,854,490)</u>
	<u><u>\$ 603,013</u></u>

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes for the year ended September 30, 2020.

Subject to Expenditure for Specified Purpose	
Building project and Camp renovations	\$ 5,000
Harry's Swing	<u>2,290</u>
	<u>7,290</u>
Perpetual in Nature	
Endowment	<u>20,000</u>
	<u><u>\$ 27,290</u></u>

For the year ended September 30, 2020, \$47,893 of net assets had been released from restriction for the purpose of building project and Camp renovations.

Note 8 - Endowments

The Organization’s endowment (the Endowment) consists of a \$20,000 contribution. Interest and dividend income generated from the Endowment is to be used for the Organization’s summer camp program. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2020 there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

The endowment net asset composition consists of a donor-restricted endowment fund. Changes in endowment net assets for the year ended September 30, 2020 are as follows:

	With Donor Restrictions
Balance, September 30, 2019	\$ 20,000
Interest income	175
Appropriation of endowment assets for expenditure	(175)
Balance, September 30, 2020	\$ 20,000

Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the Endowment assets are invested in money market funds to assume a low level of investment risk. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends). The Organization targets an asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of SPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies identified.

Note 9 - Commitments and Contingencies

Lions Foundation of Arizona Lease

The Organization has entered into a lease with Lions Foundation of Arizona (LFA) to lease approximately 43.91 acres in Pinetop-Lakeside Arizona. The Organization will use the property primarily as a camp for disabled children and adults. The lease term will continue for five years with automatic extensions of the agreement unless cancelled in writing by either party with at least one year's notice, unless both parties agree otherwise. The Organization agreed to pay Lions Foundation of Arizona \$100 per month in lease payments.

Legal Actions

The Organization may be a party to various legal actions arising from the normal course of business. In management's opinion, the Organization has adequate legal defenses and/or insurance coverage and does not believe the outcome of such legal actions will materially affect the Organization's operation and/or financial position.

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economics. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Organization is not known.