

***DEER RUN RETREAT CENTER***

(A Nonprofit Organization)

**Financial Statements**

**With Independent Auditor's Report Thereon**

FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021





## Independent Auditor's Report

To the Board of Directors of  
Deer Run Retreat Center

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Deer Run Retreat Center, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Deer Run Retreat Center as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Deer Run Retreat Center 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Deer Run Retreat Center's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Deer Run Retreat Center'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Deer Run Retreat Center'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.



CPA, PLLC

Miller CPA, PLLC  
Murfreesboro, TN  
June 14, 2023

**DEER RUN RETREAT CENTER**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 and 2021**

	ASSETS	
	2022	2021
CURRENT ASSETS		
Cash and equivalents	\$ 2,369,843	\$ 2,122,955
PROPERTY AND EQUIPMENT, NET	<u>5,997,889</u>	<u>5,588,759</u>
TOTAL ASSETS	<u>\$ 8,367,732</u>	<u>\$ 7,711,714</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable	\$ 42,948	\$ 46,313
Accrued expenses	51,510	35,613
Deferred revenue	<u>209,720</u>	<u>309,006</u>
Total current liabilities	304,178	390,932
NET ASSETS		
Net assets with donor restrictions	-	453,332
Net assets without donor restrictions	<u>8,063,554</u>	<u>6,867,450</u>
TOTAL NET ASSETS	<u>8,063,554</u>	<u>7,320,782</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,367,732</u>	<u>\$ 7,711,714</u>

See accompanying notes to financial statements and independent auditor's report.

**DEER RUN RETREAT CENTER**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

	2022			2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
<b>PUBLIC SUPPORT AND REVENUE</b>						
Public Support						
Contributions	\$ 17,795	\$ -	\$ 17,795	\$ 30,930	\$ -	\$ 30,930
Fundraising events	929,033	-	929,033	613,282	-	613,282
Scholarships donations	-	25,012	25,012	-	10,093	10,093
Total public support	946,828	25,012	971,840	644,212	10,093	654,305
Revenue						
Summer camp	1,457,592	-	1,457,592	1,344,256	-	1,344,256
Camp activities and events	315,254	-	315,254	260,905	-	260,905
Camp store	144,646	-	144,646	151,534	-	151,534
Facility rental	735,790	-	735,790	706,714	-	706,714
Meals	586,344	-	586,344	456,674	-	456,674
Total revenue	3,239,626	-	3,239,626	2,920,083	-	2,920,083
Other revenue						
Other income	9,719	-	9,719	13,029	-	13,029
Forgiveness of Payroll Protection Program note payable	-	-	-	303,159	-	303,159
Insurance claim	-	-	-	87,816	-	87,816
Interest income	-	20,780	20,780	-	3,837	3,837
Total other revenue	9,719	20,780	30,499	404,004	3,837	407,841
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	499,124	(499,124)	-	13,930	(13,930)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>4,695,297</b>	<b>(453,332)</b>	<b>4,241,965</b>	<b>3,982,229</b>	<b>-</b>	<b>3,982,229</b>
<b>EXPENSES</b>						
Programs	3,089,821	-	3,089,821	2,291,499	-	2,291,499
Management and general	246,913	-	246,913	174,403	-	174,403
Fundraising	162,459	-	162,459	114,589	-	114,589
TOTAL EXPENSES	3,499,193	-	3,499,193	2,580,491	-	2,580,491
INCREASE (DECREASE)IN NET ASSETS	1,196,104	(453,332)	742,772	1,401,738	-	1,401,738
NET ASSETS AT BEGINNING OF YEAR	6,867,450	453,332	7,320,782	5,465,712	453,332	5,919,044
NET ASSETS AT END OF YEAR	\$ 8,063,554	\$ -	\$ 8,063,554	\$ 6,867,450	\$ 453,332	\$ 7,320,782

See accompanying notes to financial statements and independent auditor's report.

**DEER RUN RETREAT CENTER**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

	2022				2021			
	Supporting Services		Supporting Services		Supporting Services		Supporting Services	
	Program Services	Management and General	Fund-raising	Totals	Program Services	Management and General	Fund-raising	Totals
Salaries and wages	\$ 1,452,186	\$ 87,776	\$ 96,551	\$ 1,636,513	\$ 988,699	\$ 59,762	\$ 65,735	\$ 1,114,196
Payroll taxes	111,390	6,783	8,045	126,218	76,003	4,628	5,489	86,120
Retirement	38,735	4,785	1,852	45,372	31,776	3,926	1,519	37,221
Bank and merchant fees	64,705	-	-	64,705	55,132	-	-	55,132
Advertising	28,557	3,220	-	31,777	38,733	4,367	-	43,100
Camp store merchandise	73,316	-	-	73,316	66,553	-	-	66,553
Depreciation	255,346	15,540	-	270,886	266,485	16,218	-	282,703
Dues and subscriptions	6,645	-	-	6,645	48,930	-	-	48,930
Telephone	8,210	500	-	8,710	10,572	644	-	11,216
Gifts	70,972	3,735	-	74,707	46,131	2,428	-	48,559
Utilities	110,979	6,761	-	117,740	75,146	4,578	-	79,724
Information technology	65,275	3,977	-	69,252	-	-	-	-
Insurance	51,955	30,330	536	82,821	50,101	29,248	517	79,866
Miscellaneous	9,393	583	-	9,976	24,989	1,551	-	26,540
Permits, licenses and fees	-	1,908	-	1,908	-	1,307	-	1,307
Professional fees	33,674	9,676	-	43,350	28,996	8,332	-	37,328
Property taxes	13,128	-	-	13,128	3,500	-	-	3,500
Supplies	104,005	14,934	-	118,939	80,234	11,524	-	91,758
Small tools and equipment	93,707	-	-	93,707	60,043	-	-	60,043
Food	359,872	-	-	359,872	227,936	-	-	227,936
Repairs and maintenance	130,326	-	-	130,326	107,978	-	-	107,978
Training	7,445	-	-	7,445	3,559	-	-	3,559
Travel	-	56,405	-	56,405	-	25,893	-	25,893
Totals	3,089,821	246,913	106,984	3,443,718	2,291,496	174,406	73,260	2,539,162
Direct benefit costs of fundraising events	-	-	55,475	55,475	-	-	41,329	41,329
Total expenses	\$ 3,089,821	\$ 246,913	\$ 162,459	\$ 3,499,193	\$ 2,291,496	\$ 174,406	\$ 114,589	\$ 2,580,491

See accompanying notes to financial statements and independent auditor's report.

**DEER RUN RETREAT CENTER**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 742,772	\$ 1,401,738
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	270,886	282,703
Forgiveness of Payroll Protection Program note payable	-	(303,159)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,365)	39,672
Accrued expenses	15,897	14,926
Deferred revenue	<u>(99,286)</u>	<u>(154,921)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	926,904	1,280,959
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(680,016)	(297,395)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Payroll Protection Program note payable	<u>-</u>	<u>303,159</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	246,888	1,286,723
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,122,955</u>	<u>836,232</u>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,369,843</u>	<u>\$ 2,122,955</u>

See accompanying notes to financial statements and independent auditor's report.



**DEER RUN RETREAT CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Deer Run Retreat Center (referred to as the “Center”) is a not-for-profit Tennessee corporation located 35 miles south of Nashville, easily accessible to churches, schools, universities, community leadership organizations, counseling ministries, addiction groups, at-risk youth programs, and Boy and Girl Scout troops. The Center is strategically located within four hours of nine major metropolitan areas. The Center is committed to providing a place of natural beauty where families, churches, and organizations can pursue a more passionate relationship with Jesus Christ and experience the transformation that comes with connecting with God and others. Supportive services include management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Center’s existence. The Center is governed by a volunteer board of directors.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of unrestricted revenues and support and expenses during the period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization presents its financial statements in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Financial Statements for Not-for-Profit Organizations*. Accordingly, the Organization reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as revenue within net assets with donor restrictions when received, and such unexpended amounts are reported as net assets with donor restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from restrictions”.

Net assets with donor restrictions also consist of donor restricted contributions, which are required to be held in perpetuity. As of December 31, 2022 and 2021, there were no net assets with donor restrictions required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.



**DEER RUN RETREAT CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Property and Equipment, Net

The Center capitalizes all property and equipment expenditures with a cost of \$2,000 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or for donated items, at fair value as of the date received. Such donations are reported as an increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. The buildings are being depreciated over 39 years and equipment over 5 to 20 years. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

Contributions

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are 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 contributions are reported as an increase in net assets with donor restrictions depending on the nature of the restriction.

Functional Expenses

Expenses are summarized and categorized based upon their functional classification as either program, management and general or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, the expenses require allocation on a reasonable basis that is consistently applied. The Organization has determined the allocation based on estimates of time and effort within the salaries and compensation expense; which in turn created a percent allocation that was used to determine the allocation of certain expenses.

Advertising Expenses

Advertising costs include costs to promote the Center and are expensed as incurred on the statements of activities. Advertising expense for the years ended December 31, 2022 and 2021 totaled \$31,777 and \$43,100, respectively.

Income Taxes

The Center is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the Center has made no provision for federal income taxes in the accompanying financial statements.

The Center has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2020, 2019, 2018 and 2017.

**DEER RUN RETREAT CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Taxes (continued)

Based on the evaluation of the Center's tax positions, management believes all tax positions taken would be upheld under an examination by the tax authorities. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2022 and 2021.

**NOTE B – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following as of December 31, 2022 and 2021:

	2022	2021
Building	\$ 5,122,757	\$ 4,591,108
Furniture and equipment	642,704	406,266
Vehicles	150,974	148,220
Infrastructure	776,193	776,193
Construction in process	-	96,071
Land	<u>1,860,472</u>	<u>1,860,472</u>
	8,553,100	7,878,330
Less: Accumulated Depreciation	<u>(2,555,211)</u>	<u>(2,289,571)</u>
Totals	<u>\$ 5,997,889</u>	<u>\$ 5,588,759</u>

Depreciation expense for the years ending December 31, 2022 and 2021 totaled \$270,886 and \$282,703, respectively.

The Center is in the process of constructing a facility. The construction in process consists of costs associated with this construction project. Depreciation for the construction project will begin when the Center begins using the new facility. During the year ended December 31, 2022 the Center began using the facility. As of December 31, 2022 and 2021 construction in process totaled \$-0- and \$96,071, respectively.

**NOTE C – NET ASSETS WITHOUT DONOR RESTRICTIONS**

As of both December 31, 2021 and 2020 the Board of Directors has designated certain net assets without donor restrictions totaling \$476,323 to capital improvements.

**NOTE D – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the purpose of capital improvements, providing scholarships for campers and families and other restricted purposes. As of December 31, 2022 and 2021, net asset with donor restriction contributions totaled \$25,012 and \$10,093, respectively. The Center also receives interest income which is classified as net assets with donor restrictions. During the years ended December 31, 2022 and 2021 interest income totaled \$20,780 and \$3,837, respectively.

**DEER RUN RETREAT CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**NOTE D – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically made by donors. As of December 31, 2022 and 2021, net assets with donor restrictions consisted of the following:

December 31, 2022				
	December 31, 2021	Net Asset With Donor Restriction Contributions	Net Assets Released From Restricted	December 31, 2022
Capital improvements	\$ 453,332	\$ -	\$ (453,332)	\$ -
Scholarship	-	25,012	(25,012)	-
Restricted other	-	20,780	(20,780)	-
Totals	<u>\$ 453,332</u>	<u>\$ 45,792</u>	<u>\$ (499,124)</u>	<u>\$ -</u>

  

December 31, 2021				
	December 31, 2020	Net Asset With Donor Restriction Contributions	Net Assets Released From Restricted	December 31, 2021
Capital improvements	\$ 453,332	\$ -	\$ -	\$ 453,332
Scholarship	-	25,012	(25,012)	-
Restricted other	-	20,780	(20,780)	-
Totals	<u>\$ 453,332</u>	<u>\$ 45,792</u>	<u>\$ (45,792)</u>	<u>\$ 453,332</u>

**NOTE E – AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Center's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2022 and 2021:

	2022	2021
Financial assets, at year-end	\$ 2,369,843	\$ 2,122,955
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	-	(453,332)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,369,843</u>	<u>\$ 1,669,623</u>

The Center is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors.

**DEER RUN RETREAT CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 and 2021**

**NOTE E – AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it sends out cash as the restricted grants come in and maintains a level of cash related to contributions without donor restrictions.

**NOTE F – PAYROLL PROTECTION PROGRAM LOAN FORGIVENESS**

During the year ended December 31, 2020, the world entered a pandemic due to COVID-19. To assist entities through economic downturn due to the pandemic, the United States government offered the Payroll Protection Program. Through this program, the government provided funds equal to two and a half months payroll originally as a note payable. These funds were to be used for payroll and the related cost, utilities and rent payments. If these funds are used for these purposes, the note payable would be forgiven.

During the years ended December 31, 2022 and 2021 the Center received funds totaling \$-0- and \$303,159, respectively, through the program and spent the funds for the designated purposes. The funds received were forgiven. Therefore, the Center has recorded the funds as a grant in the period the reimbursed disbursements were paid. The funds forgiven were recorded as "Forgiveness of Payroll Protection Program note payable" on the statements of activities.

**NOTE G – RETIREMENT**

The Center offers a retirement plan in which full-time employees of the Center are eligible to participate. The Center contributes up to 3% of employee deferrals into the plan. During the years ended December 31, 2022 and 2021 the Center contributed \$45,372 and \$37,221, respectively, into the retirement plan. The employees are fully vested in the match contributions received.

**NOTE H – CONCENTRATION OF RISK**

The Center may be subject in the future to credit risk to its cash and equivalents accounts, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") offers coverage up to \$250,000 for substantially all depository accounts. As of December 31, 2021 and 2020, the Center had funds in excess of the FDIC limits totaling \$2,058,286 and \$1,837,779, respectively.

**NOTE I – CASH FLOW STATEMENT**

During the years ended December 31, 2022 and 2021 the Center had no disbursements for interest or income taxes.

**NOTE J – SUBSEQUENT EVENTS REVIEW**

Subsequent events have been evaluated through June 14, 2023 which is the date the financial statements were available to be issued. There have been no adjustments to the financial statements to include any subsequent transactions or events.