

DEER RUN RETREAT CENTER

(A Nonprofit Organization)

Financial Statements

With Independent Auditor's Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020





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, 2021 and 2020, 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, 2021 and 2020, 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audits.



Miller CPA, PLLC
Murfreesboro, TN
May 4, 2022

DEER RUN RETREAT CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 and 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash and equivalents	\$ 2,061,363	\$ 762,985
Promises to give	61,592	73,247
Total current assets	2,122,955	836,232
PROPERTY AND EQUIPMENT, NET	5,588,759	5,574,067
TOTAL ASSETS	<u>\$ 7,711,714</u>	<u>\$ 6,410,299</u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable	\$ 46,313	\$ 6,641
Accrued expenses	35,613	20,687
Deferred revenue	309,006	463,927
Total current liabilities	390,932	491,255
NET ASSETS		
Net assets with donor restrictions	453,332	453,332
Net assets without donor restrictions	6,867,450	5,465,712
TOTAL NET ASSETS	7,320,782	5,919,044
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,711,714</u>	<u>\$ 6,410,299</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, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
PUBLIC SUPPORT AND REVENUE						
Public Support						
Contributions	\$ 30,930	\$ -	\$ 30,930	\$ 109,800	\$ -	\$ 109,800
Fundraising events	613,282	-	613,282	676,397	-	676,397
Scholarships donations	-	10,093	10,093	-	6,701	6,701
Total public support	644,212	10,093	654,305	786,197	6,701	792,898
Revenue						
Summer camp	1,344,256	-	1,344,256	-	-	-
Camp activities and events	260,905	-	260,905	62,012	-	62,012
Camp store	151,534	-	151,534	61,574	-	61,574
Facility rental	706,714	-	706,714	200,119	-	200,119
Meals	456,674	-	456,674	113,800	-	113,800
Total revenue	2,920,083	-	2,920,083	437,505	-	437,505
Other revenue						
Other income	13,029	-	13,029	8,223	-	8,223
Forgiveness of Payroll Protection Program note payable	303,159	-	303,159	322,991	-	322,991
Gain on disposal of property and equipment	-	-	-	8,589	-	8,589
Insurance claim	87,816	-	87,816	-	-	-
Interest income	-	3,837	3,837	-	19,412	19,412
Total other revenue	404,004	3,837	407,841	339,803	19,412	359,215
NET ASSETS RELEASED FROM RESTRICTIONS	13,930	(13,930)	-	1,025,653	(1,025,653)	-
TOTAL PUBLIC SUPPORT AND REVENUE	3,982,229	-	3,982,229	2,589,158	(999,540)	1,589,618
EXPENSES						
Programs	2,291,499	-	2,291,499	1,661,250	-	1,661,250
Management and general	174,403	-	174,403	145,538	-	145,538
Fundraising	114,589	-	114,589	69,224	-	69,224
TOTAL EXPENSES	2,580,491	-	2,580,491	1,876,012	-	1,876,012
INCREASE (DECREASE)IN NET ASSETS	1,401,738	-	1,401,738	713,146	(999,540)	(286,394)
NET ASSETS AT BEGINNING OF YEAR	5,465,712	453,332	5,919,044	4,752,566	1,452,872	6,205,438
NET ASSETS AT END OF YEAR	<u>\$ 6,867,450</u>	<u>\$ 453,332</u>	<u>\$ 7,320,782</u>	<u>\$ 5,465,712</u>	<u>\$ 453,332</u>	<u>\$ 5,919,044</u>

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, 2021 and 2020

	2021				2020			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fund- raising	Totals	Program Services	Management and General	Fund- raising	Totals
Salaries and wages	\$ 988,699	\$ 59,762	\$ 65,735	\$ 1,114,196	\$ 834,257	\$ 50,427	\$ 55,466	\$ 940,150
Payroll taxes	76,003	4,628	5,489	86,120	65,480	3,987	4,729	74,196
Retirement	31,776	3,926	1,519	37,221	30,670	3,789	1,466	35,925
Health insurance	5,693	2,558	517	8,768	37,143	16,686	3,373	57,202
Bank and merchant fees	55,132	-	-	55,132	1,863	-	-	1,863
Advertising	38,733	4,367	-	43,100	34,781	3,921	-	38,702
Camp store merchandise	66,553	-	-	66,553	35,908	-	-	35,908
Depreciation	266,485	16,218	-	282,703	202,219	12,307	-	214,526
Dues and subscriptions	48,930	-	-	48,930	62,281	-	-	62,281
Telephone	10,572	644	-	11,216	11,593	706	-	12,299
Gifts	46,131	2,428	-	48,559	710	37	-	747
Utilities	75,146	4,578	-	79,724	68,095	4,148	-	72,243
Insurance	44,408	26,690	-	71,098	43,229	25,981	-	69,210
Miscellaneous	24,989	1,551	-	26,540	5,396	335	-	5,731
Permits, licenses and fees	-	1,307	-	1,307	-	1,084	-	1,084
Professional fees	28,996	8,332	-	37,328	30,974	8,900	-	39,874
Property taxes	3,500	-	-	3,500	3,526	-	-	3,526
Supplies	80,234	11,524	-	91,758	36,898	5,302	-	42,200
Small tools and equipment	60,043	-	-	60,043	14,331	-	-	14,331
Food	227,936	-	-	227,936	71,668	-	-	71,668
Repairs and maintenance	107,978	-	-	107,978	61,955	-	-	61,955
Training	3,559	-	-	3,559	8,273	-	-	8,273
Travel	-	25,893	-	25,893	-	7,928	-	7,928
Totals	2,291,499	174,403	73,260	2,539,162	1,661,250	145,538	65,034	1,871,822
Direct benefit costs of fundraising events	-	-	41,329	41,329	-	-	4,190	4,190
Total expenses	\$ 2,291,499	\$ 174,403	\$ 114,589	\$ 2,580,491	\$ 1,661,250	\$ 145,538	\$ 69,224	\$ 1,876,012

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,401,738	\$ (286,394)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	282,703	214,526
Gain on disposal of equipment	-	(8,589)
Forgiveness of Payroll Protection Program note payable	(303,159)	(322,991)
Increase (decrease) in operating assets:		
Promises to give	11,655	(49,747)
Prepaid expenses	-	20,183
Increase (decrease) in operating liabilities:		
Accounts payable	39,672	(5,057)
Accrued expenses	14,926	(6,103)
Deferred revenue	(154,921)	180,957
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,292,614	(263,215)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(297,395)	(1,504,634)
Proceeds from disposal of property and equipment	-	13,985
Payments for deposit	-	(27,500)
NET CASH USED IN INVESTING ACTIVITIES	(297,395)	(1,518,149)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program note payable	303,159	322,991
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	1,298,378	(1,458,373)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	762,985	2,221,358
CASH AND EQUIVALENTS AT END OF YEAR	\$ 2,061,363	\$ 762,985

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

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020

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.

Promises to Give

Promises to give consist of contributions received in the subsequent year which were dated in the prior year. As of December 31, 2021 and 2020 promises to give totaled \$61,592 and \$73,247, respectively.

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, 2021 and 2020 totaled \$43,100 and \$38,702, 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.

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

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

Income Taxes (continued)

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.

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, 2021 and 2020.

NOTE B – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31, 2021 and 2020:

	2021	2020
Building	\$ 4,591,108	\$ 4,441,588
Furniture and equipment	406,266	428,456
Vehicles	148,220	148,220
Infrastructure	776,193	728,717
Construction in process	96,071	71,020
Land	1,860,472	1,860,472
	7,878,330	7,678,473
Less: Accumulated Depreciation	(2,289,571)	(2,104,406)
Totals	<u>\$ 5,588,759</u>	<u>\$ 5,574,067</u>

Depreciation expense for the years ending December 31, 2021 and 2020 totaled \$282,703 and \$214,526, 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.

NOTE C – DEPOSIT

During the year ended December 31, 2019, the Center entered into a contract to purchase certain property, which required an initial deposit of \$165,000 and subsequent monthly deposits of \$2,500 beginning January 2020. Deposits received before the formal purchase date totaled \$192,500. In December 2020 the Center formally purchased the property with a final payment of \$1,464,298.

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, 2021 and 2020, net asset with donor restriction contributions totaled \$10,093 and \$6,701, respectively. The Center also receives interest income which is classified as net assets with donor restrictions. During the years ended December 31, 2021 and 2020 interest income totaled \$3,837 and \$19,412, respectively.

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

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, 2021 and 2020, net assets with donor restrictions consisted of the following:

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	-	10,093	(10,093)	-
Restricted other	-	3,837	(3,837)	-
Totals	<u>\$ 453,332</u>	<u>\$ 13,930</u>	<u>\$ (13,930)</u>	<u>\$ 453,332</u>

December 31, 2020				
	December 31, 2019	Net Asset With Donor Restriction Contributions	Net Assets Released From Restricted	December 31, 2020
Capital improvements	\$ 1,452,872	\$ -	\$ (999,540)	\$ 453,332
Scholarship	-	6,701	(6,701)	-
Restricted other	-	19,412	(19,412)	-
Totals	<u>\$ 1,452,872</u>	<u>\$ 26,113</u>	<u>\$ (1,025,653)</u>	<u>\$ 453,332</u>

NOTE E – 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 F – AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2021 and 2020:

	2021	2020
Financial assets, at year-end	\$ 2,061,363	\$ 762,985
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(453,332)	(453,332)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,608,031</u>	<u>\$ 309,653</u>

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

NOTE F – AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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. 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 G – 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, 2021 and 2020 the Center received funds totaling \$303,159 and \$322,991, 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 H – 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, 2021 and 2020 the Center contributed \$37,221 and \$35,925, respectively, into the retirement plan. The employees are fully vested in the match contributions received.

NOTE I – 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 \$1,837,779 and \$506,176, respectively.

NOTE J – CASH FLOW STATEMENT

During the years ended December 31, 2021 and 2020 the Center had no disbursements for interest or income taxes. During the year ended December 31, 2020 the Center entered into a non-cash financing and investing transaction which included the use of the deposits paid totaling \$192,500 to purchase property and equipment. There were no non-cash financing and investing transactions during the year ended December 31, 2021.

NOTE K – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through May 4, 2022 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.