

DEER RUN RETREAT CENTER

(A Nonprofit Organization)

Financial Statements

With Independent Auditor's Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019





Independent Auditor's Report

To the Board of Directors of
Deer Run Retreat Center

Report on the Financial Statements

We have audited the accompanying financial statements of Deer Run Retreat Center, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Deer Run Retreat Center as of December 31, 2020 and 2019, 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.

A handwritten signature in dark ink, appearing to read 'S. Miller', followed by the text 'CPA, PLLC' in a similar handwritten style.

Miller CPA, PLLC
Murfreesboro, Tennessee
May 14, 2021

DEER RUN RETREAT CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 and 2019

	ASSETS	
	2020	2019
CURRENT ASSETS		
Cash and equivalents	\$ 762,985	\$ 2,221,358
Promises to give	73,247	23,500
Prepaid expenses	-	20,183
Total Current Assets	836,232	2,265,041
LONG-TERM ASSET		
Deposit	-	165,000
PROPERTY AND EQUIPMENT, NET	5,574,067	4,096,855
TOTAL ASSETS	\$ 6,410,299	\$ 6,526,896
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable	\$ 6,641	\$ 11,698
Accrued expenses	20,687	26,790
Deferred revenue	463,927	282,970
Total current liabilities	491,255	321,458
NET ASSETS		
Net assets with donor restrictions	453,332	1,452,872
Net assets without donor restrictions	5,465,712	4,752,566
TOTAL NET ASSETS	5,919,044	6,205,438
TOTAL LIABILITIES AND NET ASSETS	\$ 6,410,299	\$ 6,526,896

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

DEER RUN RETREAT CENTER
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

	2020			2019		
	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	\$ 109,800	\$ -	\$ 109,800	\$ 107,364	\$ 365,633	\$ 472,997
Fundraising events	676,397	-	676,397	181,562	-	181,562
Scholarships donations	-	6,701	6,701	-	50,968	50,968
Total public support	786,197	6,701	792,898	288,926	416,601	705,527
Revenue						
Summer camp	-	-	-	1,088,945	-	1,088,945
Camp activities	62,012	-	62,012	172,774	-	172,774
Camp store	61,574	-	61,574	101,034	-	101,034
Facility rental	200,119	-	200,119	515,776	-	515,776
Meals	113,800	-	113,800	486,434	-	486,434
Total revenue	437,505	-	437,505	2,364,963	-	2,364,963
Other revenue						
Other income	8,223	-	8,223	5,101	-	5,101
Forgiveness of Payroll Protection Program note payable	322,991	-	322,991	-	-	-
Gain on disposal of property and equipment	8,589	-	8,589	-	-	-
Interest income	-	19,412	19,412	-	38,282	38,282
Total other revenue	339,803	19,412	359,215	5,101	38,282	43,383
NET ASSETS RELEASED FROM RESTRICTIONS	<u>1,025,653</u>	<u>(1,025,653)</u>	<u>-</u>	<u>120,857</u>	<u>(120,857)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	2,589,158	(999,540)	1,589,618	2,779,847	334,026	3,113,873
EXPENSES						
Programs	1,661,250	-	1,661,250	2,301,263	-	2,301,263
Management and general	145,538	-	145,538	190,516	-	190,516
Fundraising	69,224	-	69,224	113,148	-	113,148
TOTAL EXPENSES	<u>1,876,012</u>	<u>-</u>	<u>1,876,012</u>	<u>2,604,927</u>	<u>-</u>	<u>2,604,927</u>
INCREASE (DECREASE)IN NET ASSETS	713,146	(999,540)	(286,394)	174,920	334,026	508,946
NET ASSETS AT BEGINNING OF YEAR	<u>4,752,566</u>	<u>1,452,872</u>	<u>6,205,438</u>	<u>4,577,646</u>	<u>1,118,846</u>	<u>5,696,492</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,465,712</u>	<u>\$ 453,332</u>	<u>\$ 5,919,044</u>	<u>\$ 4,752,566</u>	<u>\$ 1,452,872</u>	<u>\$ 6,205,438</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, 2020 and 2019

	2020				2019			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fund- raising	Totals	Program Services	Management and General	Fund- raising	Totals
Salaries and wages	\$ 834,257	\$ 50,427	\$ 55,466	\$ 940,150	\$ 1,220,666	\$ 73,784	\$ 81,156	\$ 1,375,606
Payroll taxes	65,480	3,987	4,729	74,196	85,962	5,234	6,208	97,404
Retirement	30,670	3,789	1,466	35,925	12,845	1,587	614	15,046
Health insurance	37,143	16,686	3,373	57,202	12,276	5,515	1,115	18,906
Bank and merchant fees	1,863	-	-	1,863	37,704	-	-	37,704
Advertising	34,781	3,921	-	38,702	64,809	7,307	-	72,116
Camp store merchandise	35,908	-	-	35,908	67,928	-	-	67,928
Depreciation	202,219	12,307	-	214,526	196,323	11,948	-	208,271
Dues and subscriptions	62,281	-	-	62,281	29,847	-	-	29,847
Telephone	11,593	706	-	12,299	13,464	820	-	14,284
Utilities	68,095	4,148	-	72,243	74,918	4,564	-	79,482
Insurance	43,229	25,981	-	69,210	25,637	15,408	-	41,045
Miscellaneous	6,106	372	-	6,478	10,996	670	-	11,666
Permits, licenses and fees	-	1,084	-	1,084	-	1,695	-	1,695
Professional fees	30,974	8,900	-	39,874	61,021	17,533	-	78,554
Property taxes	3,526	-	-	3,526	3,340	-	-	3,340
Supplies	36,898	5,302	-	42,200	61,779	8,878	-	70,657
Small tools and equipment	14,331	-	-	14,331	42,223	-	-	42,223
Food	71,668	-	-	71,668	199,941	-	-	199,941
Repairs and maintenance	61,955	-	-	61,955	54,317	-	-	54,317
Training	8,273	-	-	8,273	25,267	-	-	25,267
Travel	-	7,928	-	7,928	-	35,573	-	35,573
Totals	1,661,250	145,538	65,034	1,871,822	2,301,263	190,516	89,093	2,580,872
Direct benefit costs of fundraising events	-	-	4,190	4,190	-	-	24,055	24,055
Total expenses	<u>\$ 1,661,250</u>	<u>\$ 145,538</u>	<u>\$ 69,224</u>	<u>\$ 1,876,012</u>	<u>\$ 2,301,263</u>	<u>\$ 190,516</u>	<u>\$ 113,148</u>	<u>\$ 2,604,927</u>

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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (286,394)	\$ 508,946
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	214,526	208,271
Gain on disposal of equipment	(8,589)	-
Forgiveness of Payroll Protection Program note payable	(322,991)	-
Increase (decrease) in operating assets:		
Promises to give	(49,747)	39,000
Prepaid expenses	20,183	(20,183)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,057)	(16,663)
Accrued expenses	(6,103)	(1,680)
Deferred revenue	<u>180,957</u>	<u>(12,884)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(263,215)</u>	<u>704,807</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,504,634)	(151,330)
Proceeds from disposal of property and equipment	13,985	-
Payments for deposit	<u>(27,500)</u>	<u>(165,000)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,518,149)</u>	<u>(316,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program note payable	322,991	-
Decrease in line of credit	-	(2,500)
Principal payments of note payable	<u>-</u>	<u>(1,600)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>322,991</u>	<u>(4,100)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>(1,458,373)</u>	<u>384,377</u>
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>2,221,358</u>	<u>1,836,981</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u><u>\$ 762,985</u></u>	<u><u>\$ 2,221,358</u></u>

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

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019

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, 2020 and 2019 promises to give totaled \$73,247 and \$23,500, 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, 2020 and 2019 totaled \$38,702 and \$72,116, 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, 2020 and 2019

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 2019, 2018, 2017 and 2016.

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, 2020 and 2019.

NOTE B – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31, 2020 and 2019:

	2020	2019
Building	\$ 4,441,588	\$ 3,117,863
Furniture and equipment	428,456	424,216
Vehicles	148,220	142,320
Infrastructure	728,717	728,717
Construction in process	71,020	111,345
Land	1,860,472	1,464,586
	7,678,473	5,989,047
Less: Accumulated Depreciation	(2,104,406)	(1,892,192)
Totals	<u>\$ 5,574,067</u>	<u>\$ 4,096,855</u>

Depreciation expense for the years ending December 31, 2020 and 2019 totaled \$214,526 and \$208,271, 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, 2020 and 2019, net asset with donor restriction contributions totaled \$6,701 and \$461,601, respectively. The Center also receives interest income which is classified as net assets with donor restrictions. During the years ended December 31, 2020 and 2019 interest income totaled \$19,412 and \$38,282, respectively.

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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, 2020 and 2019, net assets with donor restrictions consisted of the following:

December 31, 2020				
	December 31,	Net Asset	Net Assets	December 31,
	2019	With Donor	Released	2020
		Restriction	From	
		Contributions	Restricted	
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>

December 31, 2019				
	December 31,	Net Asset	Net Assets	December 31,
	2018	With Donor	Released	2019
		Restriction	From	
		Contributions	Restricted	
Capital improvements	\$ 1,092,454	\$ 365,633	\$ (5,215)	\$ 1,452,872
Scholarship	26,392	50,968	(77,360)	-
Restricted other	-	38,282	(38,282)	-
Totals	<u>\$ 1,118,846</u>	<u>\$ 454,883</u>	<u>\$ (120,857)</u>	<u>\$ 1,452,872</u>

NOTE E – NET ASSETS WITHOUT DONOR RESTRICTIONS

As of December 31, 2020 and 2019 the Board of Directors has designated certain net assets without donor restrictions totaling \$476,323 and \$968,581, respectively, to capital improvements.

NOTE F – AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2020 and 2019:

	2020	2019
Financial assets, at year-end	\$ 762,985	\$ 2,221,358
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(453,332)	(1,452,872)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 309,653</u>	<u>\$ 768,486</u>

DEER RUN RETREAT CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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.

The Organization received funds totaling \$322,991 through the program and spent the funds for the designated purposes. As of December 31, 2020, the note had not formally been forgiven. Since the funds were spent for the designated purposes, it is more likely than not that the Payroll Protection Program note payable will be forgiven. Therefore, the Organization has recorded the funds as a grant in the period the reimbursed disbursements were paid.

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 year ended December 31, 2020 and 2019 the Center contributed \$35,925 and \$15,046, 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, 2020 and 2019, the Center had funds in excess of the FDIC limits totaling \$506,176 and \$1,742,095, respectively.

NOTE J – CASH FLOW STATEMENT

During the years ended December 31, 2020 and 2019 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.

NOTE K – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through May 14, 2021 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.