

Mt. Lookout Swim Club, Inc.

FINANCIAL STATEMENTS

For the years ended October 31, 2020, 2019 and 2018
With Independent Accountant's Review Report

FLYNN & COMPANY, INC.
Certified Public Accountants

Mt. Lookout Swim Club, Inc.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
Mt. Lookout Swim Club, Inc.
Cincinnati, Ohio

We have reviewed the accompanying financial statements of Mt. Lookout Swim Club, Inc. (a nonprofit organization), which comprise the statements of financial position as of October 31, 2020, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

We are required to be independent of Mt. Lookout Swim Club, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

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

Flynn & Company, Inc.

March 1, 2021
Cincinnati, Ohio

Mt. Lookout Swim Club, Inc.
Statements of Financial Position
October 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 192,210	\$ 218,793	\$ 255,369
Assets held in trust	82,492	82,501	77,925
Accounts receivable	7,392	25,010	27,740
Prepaid insurance	3,151	2,834	2,938
Total Current Assets	<u>285,245</u>	<u>329,138</u>	<u>363,972</u>
Fixed Assets			
Land	34,144	34,144	34,144
Pool area and facilities	1,738,996	1,729,711	1,718,316
Tennis court facilities	204,092	204,092	188,766
Equipment	180,445	167,743	149,931
	<u>2,157,677</u>	<u>2,135,690</u>	<u>2,091,157</u>
Less accumulated depreciation	1,463,890	1,373,339	1,282,303
Net Fixed Assets	<u>693,787</u>	<u>762,351</u>	<u>808,854</u>
TOTAL ASSETS	<u><u>\$ 979,032</u></u>	<u><u>\$ 1,091,489</u></u>	<u><u>\$ 1,172,826</u></u>
LIABILITIES AND NET ASSETS			
Liabilities			
Current portion of long-term debt	\$ 90,000	\$ 90,000	\$ 85,000
Accounts payable	12	35	18
Credit card payable	1,736	1,768	1,418
Accrued expenses	34,070	34,065	38,630
Total Current Laibilities	<u>125,818</u>	<u>125,868</u>	<u>125,066</u>
Long-term Liabilities			
Long-term debt	<u>95,000</u>	<u>185,000</u>	<u>275,000</u>
TOTAL LIABILITIES	220,818	310,868	400,066
Net Assets			
Without Donor Restrictions			
Undesignated	<u>758,214</u>	<u>780,621</u>	<u>772,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 979,032</u></u>	<u><u>\$ 1,091,489</u></u>	<u><u>\$ 1,172,826</u></u>

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

Mt. Lookout Swim Club, Inc.
 Statements of Activities
 For the Years Ended October 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues			
Membership dues income	\$ 364,713	\$ 384,601	\$ 394,635
Guest fees	-	18,235	15,450
Snack bar revenue	42,198	72,166	56,699
Initiation fees and amortization of individual memberships	59,000	42,050	50,900
Less payments of refundable memberships	(1,825)	(1,825)	(2,920)
Program fees	15,875	17,318	19,515
Interest income	2	2	10
Other income	7,073	10,697	10,055
Total Revenues	<u>487,036</u>	<u>543,244</u>	<u>544,344</u>
Expenses			
Program Services	486,962	516,333	483,814
General & Administrative	22,481	19,050	20,391
Total Expenses	<u>509,443</u>	<u>535,383</u>	<u>504,205</u>
Total Change in Net Assets	(22,407)	7,861	40,139
Net Assets - Beginning of Year	<u>780,621</u>	<u>772,760</u>	<u>732,621</u>
Net Assets - End of Year	<u><u>\$ 758,214</u></u>	<u><u>\$ 780,621</u></u>	<u><u>\$ 772,760</u></u>

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

Mt. Lookout Swim Club, Inc.
 Statements of Cash Flows
 For the Years Ended October 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities			
Change in net assets	\$ (22,407)	\$ 7,861	\$ 40,139
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	90,551	91,036	84,746
Changes in:			
Accounts receivable	17,618	2,730	(7,200)
Prepaid insurance	(317)	104	(102)
Accounts payable	(23)	17	7
Credit card payable	(32)	350	1,418
Accrued liabilities	5	(4,565)	(2,437)
	<u>85,395</u>	<u>97,533</u>	<u>116,571</u>
Net Cash Provided by Operating Activities			
Cash Flows from Investing Activities			
Equipment purchases	(21,987)	(44,533)	(89,425)
Cash Flows from Financing Activities			
Repayments on long-term debt	<u>(90,000)</u>	<u>(85,000)</u>	<u>(80,000)</u>
Net change in cash and cash equivalents	(26,592)	(32,000)	(52,854)
Cash and cash equivalents, beginning of year	<u>301,294</u>	<u>333,294</u>	<u>386,148</u>
Cash and cash equivalents, end of year	<u>\$ 274,702</u>	<u>\$ 301,294</u>	<u>\$ 333,294</u>
CASH PAID DURING THE YEAR FOR:			
Interest	<u>\$ 4,543</u>	<u>\$ 9,119</u>	<u>\$ 9,547</u>

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

Mt. Lookout Swim Club, Inc.
 Statements of Functional Expenses
 For the Years Ended October 31, 2020, 2019 and 2018

	2020			2019			2018		
	Program Services	General & Administrative	Total	Program Services	General & Administrative	Total	Program Services	General & Administrative	Total
Pool management	\$ 213,089	\$ -	\$ 213,089	\$ 215,176	\$ -	\$ 215,176	\$ 199,755	\$ -	\$ 199,755
Depreciation	90,551	-	90,551	91,036	-	91,036	84,746	-	84,746
Maintenance and repairs	46,645	-	46,645	40,948	-	40,948	37,602	-	37,602
Professional services	-	22,481	22,481	-	19,050	19,050	-	20,391	20,391
Snack bar food and supplies:	28,909	-	28,909	50,312	-	50,312	38,937	-	38,937
Utilities	30,899	-	30,899	29,875	-	29,875	28,274	-	28,274
Insurance	12,238	-	12,238	11,440	-	11,440	11,650	-	11,650
Workers Compensation	120	-	120	135	-	135	239	-	239
Real estate taxes	34,479	-	34,479	34,488	-	34,488	35,026	-	35,026
General Supplies	3,680	-	3,680	3,328	-	3,328	8,188	-	8,188
Stationary & postage	118	-	118	117	-	117	118	-	118
Membership books	-	-	-	767	-	767	767	-	767
Social expense	1,041	-	1,041	6,796	-	6,796	5,067	-	5,067
Swim team expense	1,115	-	1,115	2,874	-	2,874	2,439	-	2,439
Tennis expense	1,861	-	1,861	1,597	-	1,597	2,031	-	2,031
Miscellaneous expenses	255	-	255	339	-	339	1,328	-	1,328
Merchant fees	13,031	-	13,031	12,531	-	12,531	13,028	-	13,028
IT expense	2,963	-	2,963	2,632	-	2,632	1,377	-	1,377
Interest expense	5,968	-	5,968	11,942	-	11,942	13,242	-	13,242
	<u>\$ 486,962</u>	<u>\$ 22,481</u>	<u>\$ 509,443</u>	<u>\$ 516,333</u>	<u>\$ 19,050</u>	<u>\$ 535,383</u>	<u>\$ 483,814</u>	<u>\$ 20,391</u>	<u>\$ 504,205</u>

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

Mt. Lookout Swim Club, Inc.
Notes to Financial Statements
Years Ended October 31, 2020, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

Mt. Lookout Swim Club, Inc. (Club) is a not-for-profit corporation organized under the laws of the State of Ohio. The purpose of the Club is to provide for the operation and maintenance of a swimming and tennis club for promotion of the physical and social welfare of its members.

Basis of Presentation

The accounting and reporting policies of the Club conform with accounting principles generally accepted in the United States of America (“GAAP”) as contained in the Accounting Standards Codification (“ASC”) issued by the Financial Accounting Standards Board (“FASB”). The financial statements of the Club have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies follow and are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit with a bank, and highly liquid investments with a maturity of three months or less when purchased. There were no cash equivalents at October 31, 2020, 2019 and 2018.

Accounts Receivable

Accounts receivable represents guest fees and tennis fees due from members.

Fixed Assets

The Club follows the practice of capitalizing all expenditures in excess of \$500 for fixed assets, at cost. Fixed assets are recorded at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which ranges from three to thirty-five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in changes in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Depreciation expense for the years ended October 31, 2020, 2019 and 2018 was \$90,551, \$91,036 and \$84,746, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited as reflected on the statements of activities. The financial statements report certain categories of expenses that are attributed to program or supporting functions

See the accompanying independent accountant’s review report.

Mt. Lookout Swim Club, Inc.
Notes to Financial Statements
Years Ended October 31, 2020, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed 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 restrictions. The governing board has designated, from net assets without donor restrictions a board designated endowment.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed 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.

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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

For members joining prior to January 1, 2002, a portion of their original membership fee is refundable upon their withdrawal from the Club provided a buyer for their membership is available. The refundable portion is \$365 for family memberships and a declining amount for individual memberships based on a five-year amortization to zero. Remaining refundable membership fees at October 31, 2020, 2019 and 2018 approximated \$38,945, \$40,770 and \$42,595, respectively, and are included in the statement of financial position under the caption Net Assets. For members joining after January 1, 2002, membership initiation fees are nonrefundable upon a member's withdrawal from the Club. These initiation fees are recorded as revenues in the year of admittance.

Membership dues and program fees consist of amounts that families and individuals pay to participate in the Club, which offers swimming and tennis. Members join for varying lengths of time and annually pay the membership dues based on their membership category. Members also pay a onetime initiation fee as discussed in the above paragraph. Memberships provide use of the swimming and tennis facilities. The Club offers programs for swimming and tennis. Program fees are paid in advance at the time of registration and are nonrefundable. Membership dues and program fees are recognized ratably over the period the membership or program service is provided on a straight-line basis. Membership dues and program fees paid to the Club in advance are recorded as deferred revenue.

See the accompanying independent accountant's review report.

Mt. Lookout Swim Club, Inc.
Notes to Financial Statements
Years Ended October 31, 2020, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Guest fees represents fees charged to members for bringing a nonmember to the Club. The Guest fees are recognized based on the date that the nonmember comes to the Club. Snack bar revenue represents revenue for the sale of food and beverages. The snack bar revenue is recognized upon the sale of the related items to the end consumer.

The disaggregated revenue is broken down as the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Membership dues income	\$ 364,713	\$ 384,601	\$ 394,635
Guest fees	-	18,235	15,450
Snack bar revenue	42,198	72,166	56,699
Initiation fees	57,175	40,225	47,980
Program fees	15,875	17,318	19,515
Interest income	2	2	10
Other income	7,073	10,697	10,055
	<u>\$ 487,036</u>	<u>\$ 543,244</u>	<u>\$ 544,344</u>

Income Taxes

As an exempt social and recreational club under Section 501(c)(7) of the Internal Revenue Code, the Club is taxed on any investment income (net of any interest expense which relates to the Club's exempt purpose) earned by the Club. For the years ended October 31, 2020, 2019 and 2018, interest expense of the Club was greater than investment income. Accordingly, the Club has made no provision for federal or state income taxes in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Club's year ending October 31, 2023.

Subsequent Events

In conformity with the ASC standards, the Club has evaluated for disclosure all subsequent events and transactions through March 1, 2021, the date that the combined financial statements were available to be issued.

See the accompanying independent accountant's review report.

Mt. Lookout Swim Club, Inc.
Notes to Financial Statements
Years Ended October 31, 2020, 2019 and 2018

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 192,210
Accounts receivable	<u>7,392</u>
	<u>\$ 199,602</u>

NOTE 3 – LONG-TERM DEBT

In November 2001, the Club issued \$1,300,000 in Adjustable Rate Taxable Securities, Series 2001, Due 2021 (notes) under a Private Placement Memorandum through Fifth Third Bank Securities to finance the costs and construction of a new pool, locker rooms, snack bar, and related facilities. The notes are secured by a mortgage on the Club’s real estate. The Bank of New York is serving as Trustee for administration and repayment of the notes.

The interest rate on the notes is determined by the remarketing agent and approximates Fifth Third Bank’s 30 Day LIBOR Index which changes weekly (0.15% at October 31, 2020, 1.78% at October 31, 2019 and 2.32% at October 31, 2018). In no event may the interest rate on the notes exceed 10%.

Based on a Reimbursement Agreement (Agreement) between the Club and the Trustee, the notes are to be redeemed in gradually increasing annual payments each November 1st over 20 years from the date of issuance. The Agreement can be renegotiated if deemed necessary. Under the Agreement, the Club pays the Trustee each month, 1/12th of the principal amount to be redeemed at the next redemption date plus interest accrued for the period. Assets held in trust under the Agreement at October 31, 2020, 2019 and 2018 were \$82,492, \$82,501, and \$77,925, respectively and are listed on the Statement of Financial Position as “Assets Held in Trust.”

Required future principal redemptions under the Agreement for the next five years and in the aggregate thereafter are as follows:

Redemption Date	Principal to be Redeemed
November 1, 2020	\$ 90,000
November 1, 2021	<u>95,000</u>
Total	<u>\$ 185,000</u>

NOTE 4 – CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially subject the Club to concentrations of credit risk, consist primarily of cash and investments. The Club maintains its cash in various bank accounts which, at times, may exceed federally insured limits. The Club has not experienced any losses in these accounts.

See the accompanying independent accountant’s review report.

NOTE 5 – RISKS AND UNCERTAINTIES

In March of 2020, the World Health declared the outbreak of the COVID-19 a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Club for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

See the accompanying independent accountant's review report.