

**MT. GRETNA CAMPMEETING
ASSOCIATION, INC.**

Financial Statements

Year Ended December 31, 2013

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors

Mt. Gretna Campmeeting Association, Inc.

Mt. Gretna, Pennsylvania

We have reviewed the accompanying statement of assets, liabilities and net assets – modified cash basis of Mt. Gretna Campmeeting Association, Inc. (a nonprofit Association) as of December 31, 2013, and the related statements of revenues and public support, expenses and other changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows – modified cash basis, for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion. The prior year summarized comparative information has been derived from Mt. Gretna Campmeeting Association, Inc.'s 2012 financial statements and, in our report dated June 27, 2013, we stated that we were not aware of any material modification that should be made to the financial statements in order for them to be in conformity with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with the modified cash basis of accounting, as described in Note 2.

Bertz, Hess & Co., LLP

BERTZ, HESS & CO., LLP
June 11, 2014

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

ASSETS	Unrestricted		Temporarily Restricted	
	General	Designated	Festival	Playground
CURRENT ASSETS				
Cash	\$ 145,793	\$ 130,915	\$ 6,377	\$ 16,884
Inventory	<u>1,103</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ 146,896	\$ 130,915	\$ 6,377	\$ 16,884
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Credit card payable	\$ 15	\$ -	\$ -	\$ -
NET ASSETS				
Unrestricted				
Undesignated	146,881	-	-	-
Designated	<u>-</u>	<u>130,915</u>	<u>-</u>	<u>-</u>
Total Unrestricted	146,881	130,915	-	-
Temporarily restricted	<u>-</u>	<u>-</u>	<u>6,377</u>	<u>16,884</u>
TOTAL NET ASSETS	146,881	130,915	6,377	16,884
TOTAL LIABILITIES AND NET ASSETS	\$ 146,896	\$ 130,915	\$ 6,377	\$ 16,884

See independent accountants' review report and notes to financial statements.

2013 Totals	2012 Totals
\$ 299,969 1,103	\$ 206,298 -
<u>\$ 301,072</u>	<u>\$ 206,298</u>
\$ 15	\$ 278
146,881 130,915	116,205 64,848
<u>277,796</u>	<u>181,053</u>
23,261	24,967
<u>301,057</u>	<u>206,020</u>
\$ 301,072	\$ 206,298

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
STATEMENTS OF REVENUES AND PUBLIC SUPPORT, EXPENSES AND
OTHER CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Unrestricted		Temporarily Restricted	
	General	Designated	Festival	Playground
REVENUES AND PUBLIC SUPPORT				
Assessments	\$ 333,509	\$ -	\$ -	\$ -
Rentals	14,255	-	-	-
Interest	218	32	-	-
Community activities	3,369	-	-	-
Contributions	12,033	31,035	-	-
Net assets released from restrictions	<u>1,706</u>	<u>-</u>	<u>(159)</u>	<u>(1,547)</u>
Total Revenues and Support	365,090	31,067	(159)	(1,547)
EXPENSES				
Program	261,046	-	-	-
Management and general	35,398	-	-	-
Fundraising	<u>187</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	296,631	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND PUBLIC SUPPORT OVER EXPENSES	68,459	31,067	(159)	(1,547)
OTHER CHANGES IN NET ASSETS				
Capital improvements	(2,783)	-	-	-
Transfers to capital	<u>(35,000)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Total Changes in Net Assets	(37,783)	35,000	-	-
CHANGE IN NET ASSETS	\$ 30,676	\$ 66,067	\$ (159)	\$ (1,547)
NET ASSETS, BEGINNING	\$ 116,205	\$ 64,848	\$ 6,536	\$ 18,431
Change in Net Assets	<u>30,676</u>	<u>66,067</u>	<u>(159)</u>	<u>(1,547)</u>
NET ASSETS, ENDING	\$ 146,881	\$ 130,915	\$ 6,377	\$ 16,884

See independent accountants' review report and notes to financial statements.

2013 Totals		2012 Totals	
\$	333,509	\$	328,945
	14,255		12,878
	250		449
	3,369		-
	43,068		24,509
	-		-
	394,451		366,781
	261,046		274,010
	35,398		26,508
	187		183
	296,631		300,701
	97,820		66,080
	(2,783)		(9,841)
	-		-
	(2,783)		(9,841)
\$	95,037	\$	56,239
\$	206,020	\$	149,781
	95,037		56,239
\$	301,057	\$	206,020

MT. GRETN CAMPMEETING ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2013 WITH COMPARATIVE TOTALS FOR 2012

	Program	Management and General	Fundraising	2013 Totals	2012 Totals
Accounting fees	\$ -	\$ 2,750	\$ -	\$ 2,750	\$ 2,650
Administrative costs	-	5,107	-	5,107	4,233
Communications	83	-	-	83	83
Community activities	361	-	-	361	307
Contributions	2,000	-	-	2,000	6,500
Employee health insurance	5,828	1,780	20	7,628	7,628
Garage expenses	1,795	-	-	1,795	589
Grounds and maintenance	25,396	-	-	25,396	29,538
Insurance	13,046	500	-	13,546	13,763
Interest expense	-	-	-	-	582
Legal fees	-	10,465	-	10,465	2,872
Newsletter	706	-	-	706	928
Payroll taxes	2,873	1,560	18	4,451	5,078
Property taxes	4,998	-	-	4,998	585
Tabernacle building expense	3,674	-	-	3,674	4,687
Truck and tractor costs	4,780	-	-	4,780	6,973
Utilities	164,585	-	-	164,585	158,563
Wages	30,921	13,236	149	44,306	55,142
Total Expenses	\$ 261,046	\$ 35,398	\$ 187	\$ 296,631	\$ 300,701

See independent accountants' review report and notes to financial statements.

MT. GRETN CAMPMEETING ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
FOR YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 95,037	\$ 56,239
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Inventory	(1,103)	-
Increase (decrease) in:		
Payroll taxes payable	-	(390)
Credit card payable	(263)	(272)
Deferred revenue	-	(1,727)
Cash Provided by Operating Activities	93,671	53,850
NET INCREASE IN CASH	93,671	53,850
Cash at Beginning of Year	206,298	152,448
Cash at End of Year	\$ 299,969	\$ 206,298
SCHEDULE OF SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ -	\$ 582

See independent accountants' review report and notes to financial statements.

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1: ORGANIZATION DATA

Mt. Gretna Campmeeting Association, Inc. (the "Association") was established in 1892 in Mt. Gretna, Pennsylvania. It provides and maintains a proper, convenient, desirable and permanent residential community in Mount Gretna, Pennsylvania. The Association's revenue is comprised mainly of assessments on homeowners in the Campmeeting. The Association also rents out garages, storage sheds and parking spots. Additional sources of revenue are from rental of space to a library as well as rental of the Tabernacle building to the public and revenue from community activities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Association have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles (GAAP). Modifications to the cash basis of accounting include deferral of revenue and accrual of certain liabilities, as well as the expensing of equipment and capital improvements at the time of purchase.

Comparative Financial Information

The financial statements include prior-year summarized comparative information. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Basis of Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets

Net assets whose use by the Association is subject to donor imposed stipulations that can be fulfilled by actions of the Association pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, the donors of these assets permit the Association to use all or part of the investment return on these assets. The Association had no permanently restricted net assets as of December 31, 2013 or 2012.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See independent accountants' review report.

MT. GRETN CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor Restrictions

Revenues are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Satisfaction of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted assets are reported as reclassifications. Temporarily restricted revenue received and expended during the same fiscal year is recorded as unrestricted revenue and expensed in the statement of revenues and public support, expenses and other changes in net assets - modified cash basis. Restricted investment income is treated in a similar fashion.

Contributed Services

Various members of the Association have contributed their time and services to the Association's programs. In accordance with the modified cash basis of accounting described above, the Association has not recorded the value of the contributed services in the accompanying financial statements.

Cash

For purposes of reporting the statement of cash flows - modified cash basis, the Association considers all cash accounts which are not subject to withdrawal restrictions or penalties and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

Inventory

Inventory consists of commemorative picture books available for sale to the general public. Inventory is stated at the lower of cost or market and is relieved on the first-in first-out basis. Cost is determined by the wholesale printing price.

Property and Equipment

The Association owns land, buildings, garages, a playground, water and sewer lines, a water tower and maintenance equipment. The Association also owns and operates certain nonresidential, noncommercial properties of the type normally owned and maintained by municipal governments. These include roadways, parklands, sidewalks and street lights. Access to or use and enjoyment of these infrastructure items is extended to the general public and is not restricted to members only. Due to the age and type of assets owned, it is not practical to assign values or to include as fixed assets in the financial statements.

Compensated Absences

Employees of the Association are not entitled to paid vacation or sick days. Therefore, the Association has no expense or accrual for compensated absences.

Deferred Revenue

From time to time, the Association receives cash in excess of invoice amounts. These overpayments are recorded as deferred revenue and are applied during the next invoice cycle. There was no deferred revenue as of December 31, 2013 or 2012.

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Direct expenses are assigned to the functional reporting classifications to which they apply. Overhead and general and administrative costs which are not identifiable with a single activity, but are indispensable to the conduct of those activities and to the Association's existence, are allocated to all program and supporting services which benefit from the expenses. Management reviews the allocation percentages annually for reasonableness.

Revenue Recognition

Revenues are recorded when received. Homeowner assessments are billed either annually (due by April 1st) or in three installments (due on February 15th, May 15th and August 15th) during the year. If the second payment in a three installment arrangement is missed, the entire balance becomes due on June 30th. In a few cases, the Association invoices homeowners on a monthly basis. Annual homeowner assessments were \$1,380 and \$1,350 for 2013 and 2012, respectively.

Garage, shed and library space are rented and invoiced on an annual basis. No security deposits are required on rentals of the library, while garage and shed rentals require a \$50 security deposit. The monthly garage rent was \$800 and \$720 for 2013 and 2012, respectively.

Assessments are recorded net of discounts and inclusive of penalties. The Association grants a 2% discount on assessments if they are paid by April 1st. Discounts on homeowner assessments were \$4,349 and \$4,334 in 2013 and 2012, respectively. The Association adds a 10% penalty to any current year assessment balances outstanding as of July 1st under the single installment option or as of August 16th, under the three installment option. An additional 20% penalty is added to all account balances outstanding as of October 1st. In such cases, the homeowner is responsible for all costs incurred in the collection of any delinquent amounts owed to the Association. The Association reserves the right to first apply any monies received to the longest standing delinquency. Penalties assessed on homeowners were \$1,157 and \$1,778 in 2013 and 2012, respectively.

The discount and penalty on garage and shed storage rents follow the same schedule as that for assessments, with the exception that rents may be paid in two installments on January 20th and June 20th. Discounts on garage rents were \$128 and \$86 in 2013 and 2012, respectively. Penalties for garage rentals were \$132 and \$24 in 2013 or 2012, respectively. There were no penalties on storage shed rentals in 2013 or 2012, while discounts were \$32 and \$20 for 2013 and 2012, respectively.

Rental revenue from the use of the Tabernacle for special events as well as from the library and pavilion are recorded when received. The Association does not issue leases for any of its rental activities.

Income Tax Status

In 1991, the Association was determined to be tax exempt under IRS Code Section 501(c)(4) as a civic league. Furthermore, it has qualified as a "Community" because it meets the following criteria:

1. Serves a community which bears a reasonable relationship to an area ordinarily identified as governmental.
2. Does not conduct activities directed to the exterior maintenance of private residences.
3. It has common areas or facilities for use by the general public. (Rev. Rule 72-102)

See independent accountants' review report.

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status (Continued)

Management has evaluated its tax filings for uncertain tax positions. Federal tax returns are open for examination by authorities for three years from the due date of the returns.

Management's Evaluation of Subsequent Events

Events that occurred subsequent to December 31, 2013 have been evaluated by the Association's management through the date of the independent accountants' review report, which is the date the financial statements were available to be issued.

NOTE 3: CONCENTRATIONS

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC). Through December 31, 2012, there was protection up to \$250,000 for interest bearing accounts and unlimited protection for non-interest bearing accounts. Starting January 1, 2013, protection is up to \$250,000 for interest and non-interest bearing accounts. At December 31, 2013 and 2012, the Association had uninsured cash balances of \$50,126 and \$0, respectively.

NOTE 4: CAPITAL IMPROVEMENTS AND EQUIPMENT

It is the policy of the Association to record all capital improvements and equipment purchases as current expenses at the time of purchase. During the years ended December 31, 2013 and 2012, the Association had expenditures of \$2,783 and \$9,841, respectively, for these types of expenses.

NOTE 5: DESIGNATED NET ASSETS

During 2007, the Association received a total of \$74,623 from the estate of Rev. Marlin Seiders. Half of the proceeds were contributed to the Mt. Gretna Tabernacle Association for the maintenance of the Tabernacle. The Board designated the remaining funds and any interest earned on them for long term improvements and enhancements of the Association in memory of the Seiders. As of December 31, 2013, none of the designated balance was spent. During the year ended December 31, 2013, the Association received a distribution from the estate of Jeanette Barnes in the amount of \$38,435, of which the Board designated \$35,000 for use in upcoming capital projects around the campmeeting grounds. During the years ended December 31, 2013 and 2012, the Board designated \$19,013 and \$0, respectively, for use in upcoming capital projects for the Association. During the years ended December 31, 2013 and 2012, the Association's Board designated \$12,022 and \$24,509, respectively, of the estate contributions received for the purchase of motor vehicle equipment for the Association. As of December 31, 2013 and 2012, none of this designated balance was spent. As of December 31, 2013 and 2012, the balances of designated net assets are comprised of the following:

	2013	2012
Maintenance of the Tabernacle	\$ 40,371	\$ 40,339
Capital project	54,013	-
Purchase of motor vehicle equipment	36,531	24,509
Total	\$ 130,915	\$ 64,848

See independent accountants' review report.

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2013 and 2012 are comprised of the following:

	2013	2012
Heritage Festival	\$ 6,377	\$ 6,536
Campmeeting Heritage Park	16,884	18,431
Total	<u>\$ 23,261</u>	<u>\$ 24,967</u>

NOTE 7: CONTINGENCIES

In June 2011, the Association filed a suit against a homeowner for encroachment. The homeowner entered a countersuit, claiming damages of \$78,000. In early 2014, both cases were settled with a favorable outcome for the Association. The Association did not receive a monetary settlement, but the homeowner is required to remove the encroaching property.