

FINANCIAL STATEMENTS

**MT. GRETNA CAMPMEETING ASSOCIATION, INC.
Mt. Gretna, PA**

December 31, 2009

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Mt. Gretna Campmeeting Association, Inc.
Mt. Gretna, PA

We have audited 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, 2009, and the related statements of revenues, expenses and other changes in net assets – modified cash basis and cash flows – modified cash basis, for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Association's 2008 financial statements and, in our report dated April 28, 2009, we expressed an unqualified opinion on those financial statements.

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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Association's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects the assets, liabilities, and net assets of Mt. Gretna Campmeeting Association, Inc. as of December 31, 2009 and its revenue and expenses for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Mt. Gretna Campmeeting Association, Inc. taken as a whole. The accompanying statement of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hess & Hess, LLC

HESS & HESS, LLC
Certified Public Accountants

July 30, 2010

MT. GRETNA CAMPMEETING ASSOCIATION, INC.

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS

As of December 31, 2009, with summarized
financial information as of December 31, 2008

	Unrestricted		Temporarily Restricted	2009	2008
	General	Designated			
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash and Cash Equivalents	\$ 18,682	\$ -	\$ 726	\$ 19,408	\$ 10,886
Cash-Certificates of Deposit	53,402	40,017	25,090	118,509	91,594
Total Current Assets/TOTAL ASSETS	\$ 72,084	\$ 40,017	\$ 25,816	\$ 137,917	\$ 102,480
<u>LIABILITIES AND NET ASSETS</u>					
<u>Current Liabilities</u>					
Payroll Taxes Payable	\$ 122	\$ -	\$ -	\$ 122	\$ 1,333
1st St. Project Loan - Current Portion	22,647	-	-	22,647	19,794
Total Current Liabilities	22,769	-	-	22,769	21,127
<u>Long-Term Liabilities</u>					
1st St. Project Loan (Net of Current Portion) (Note 6)	37,148	-	-	37,148	84,343
TOTAL LIABILITIES	59,917	-	-	59,917	105,470
<u>Net Assets</u>					
Unrestricted	12,167	-	-	12,167	(42,214)
Undesignated	-	40,017	-	40,017	39,224
Total Unrestricted Net Assets	12,167	40,017	-	52,184	(2,990)
Temporarily Restricted	-	-	25,816	25,816	-
TOTAL NET ASSETS (LIABILITIES)	12,167	40,017	25,816	78,000	(2,990)
TOTAL LIABILITIES AND NET ASSETS	\$ 72,084	\$ 40,017	\$ 25,816	\$ 137,917	\$ 102,480

MT. GREYNA CAMPMEETING ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES
IN NET ASSETS - MODIFIED CASH BASIS

For the Year Ended December 31, 2009, with summarized
financial information for the year ended December 31, 2008

	Unrestricted		Temporarily Restricted	Total	
	General	Designated		2009	2008
<u>Revenues and Support</u>					
Assessments, Net of Discounts of \$4,040 and \$4,076, respectively	\$ 300,145	\$ -	\$ -	\$ 300,145	\$ 289,925
Rentals, Net of Discounts of \$82 and \$143, respectively	13,316	-	-	13,316	13,899
Interest	3,428	-	-	3,428	5,348
Community Activities	3,432	-	-	3,432	3,122
Contributions	3,770	-	57,020	60,790	3,000
Memorial Tree Program	-	-	210	210	528
Net Assets Released from Restrictions	31,414	-	(31,414)	-	-
Total Revenues and Support	355,505	-	25,816	381,321	315,822
<u>Operating Expenses</u>					
Program	258,160	-	-	258,160	255,033
Supporting Services					
Management and General	7,264	-	-	7,264	6,684
Fundraising	2,142	-	-	2,142	-
Total Operating Expenses	267,566	-	-	267,566	261,717
Excess Revenue and Support over Expenses Before Capital Improvements	87,939	-	25,816	113,755	54,105
Capital Improvements (Note 5)	(32,765)	-	-	(32,765)	(158,472)
Change in Net Assets	55,174	-	25,816	80,990	(104,367)
Net Assets (Liabilities) - Beginning of Year	(43,007)	40,017	-	(2,990)	101,377
Net Assets (Liabilities) - End of Year	\$ 12,167	\$ 40,017	\$ 25,816	\$ 78,000	\$ (2,990)

See Accompanying Notes to Financial Statements.

MT. GREYNA CAMPMEETING ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

For the Year Ended December 31, 2009, with summarized
financial information for the year ended December 31, 2008

	<u>2009</u>	<u>2008</u>
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ 80,990	\$ (104,367)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Changes in Operating Asset and Liabilities:		
(Decrease) Increase in Payroll Taxes Payable	<u>(1,211)</u>	<u>(157)</u>
Net Cash Provided (Used) by Operating Activities	<u>79,779</u>	<u>(104,524)</u>
<u>Cash Flows From Investing Activities</u>		
Purchase of Certificates of Deposit	<u>(26,915)</u>	<u>(4,699)</u>
Net Cash Provided (Used) by Investing Activities	<u>(26,915)</u>	<u>(4,699)</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds of Loan	-	110,000
(Repayments) of Loan	<u>(44,342)</u>	<u>(5,863)</u>
Net Cash Provided (Used) by Financing Activities	<u>(44,342)</u>	<u>104,137</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,522	(5,086)
Cash and Cash Equivalents - Beginning of Year	<u>10,886</u>	<u>15,972</u>
Cash and Cash Equivalents - End of Year	<u>\$ 19,408</u>	<u>\$ 10,886</u>
<u>Supplemental Disclosures</u>		
Interest Paid	\$ 5,657	\$ 1,637

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mt. Gretna Campmeeting Association, Inc., (the "Association"), provides and maintains a proper, convenient, desirable and permanent residential community in Mount Gretna, Pennsylvania. The Association's revenue is comprised mainly of home assessments and rental fees.

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 generally accepted accounting principles. Modifications to the cash basis of accounting include deferral of revenue and accrual for payroll taxes.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958-210 (FASB ASC 958-210), formerly Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Associations. Under this pronouncement, the Association is required to report 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.

Revenue Recognition

The Association has also adopted recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification 958-225 (FASB ASC 958-225), formerly Statement of Financial Accounting Standards No. 116 (SFAS No. 116) "Accounting for Contributions Received and Contributions Made." In accordance with this statement, contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Revenues are reported as increases in unrestricted net assets unless they are restricted by donor-imposed stipulations. Expenses are generally reported as decreases in unrestricted net assets. Satisfaction of donor-imposed stipulations that simultaneously increase unrestricted net assets and decrease temporarily restricted net assets are reported as reclassifications. Temporarily restricted revenue received and expended during the same fiscal year is recorded as unrestricted revenue and expense in the statement of activities and other changes in net assets.

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
Year Ended December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. These contributions are immaterial in the aggregate.

Cash Equivalents

For purposes of the statement of cash flows and statement of assets, liabilities, and net assets, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair values because of the short maturities of those financial instruments.

Fixed Assets

The Association owns land, a Tabernacle, library buildings, garages, streets, a playground, water and sewer lines, water tower and maintenance equipment. Due to the age and type of assets it is not practical to assign values to include as fixed assets on the financial statements.

Expense Allocation

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.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Codification 740 (FASB ASC 740), formerly Financial Interpretation No. 48- Accounting for Uncertainty in Income Taxes. This standard calls for the recognition and measurement of all tax positions taken or expected to be taken by all U.S. business entities. It requires such entities to determine whether or not a tax position will be sustained upon examination by the taxing authority.

Management believes it has not taken an aggressive tax position as of December 31, 2009. As such, there is no uncertainty that should be disclosed in accordance with FASB ASC 740. Furthermore, adoption of the standard did not impact net assets at December 31, 2009.

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)
 Year Ended December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Financial Information for the Year Ended December 31, 2008

The financial statements include prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with financial statements as of December 31, 2008, from which the summarized information was derived.

NOTE 2 - TAX - EXEMPT ASSOCIATION

The Association is tax exempt under IRS Code Section 501(c)(4) as a civic league and qualifies 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. Rul 72-102)

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, which is extended to the general public and is not restricted to members only.

NOTE 3 - CERTIFICATES OF DEPOSIT

At December 31, 2009, the Association held three certificates of deposit:

CD #1874, 12 month certificate, Due 3/10/2010, interest rate 1.44%	\$ 40,017
CD #6189, 12 month certificate, Due 9/30/2010, interest rate 1.44%	25,090
CD #7039, 7 month certificate, Due 7/2/2010, interest rate 1.10%	<u>53,402</u>
Total	<u>\$ 118,509</u>

MT. GRETNA CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
Year Ended December 31, 2009

NOTE 4 - CONCENTRATIONS

A. Credit

Financial instruments that potentially subject the Association to concentration of credit risk consist of cash deposits and temporary investments with a financial institution. These balances may at times exceed the FDIC insured limits. At December 31, 2009 and 2008, the cash and temporary investment balances deposited in the bank did not exceed the FDIC insured limit.

B. Revenue

The majority of the Association's revenue is derived from assessments on the community homeowners and from rental fees charged for garages on the premises.

C. Geographic Market

The Association's activities are concentrated in Mt. Gretna, Pennsylvania.

NOTE 5 - CAPITAL IMPROVEMENTS AND EQUIPMENT

It is the policy of the Association, on the modified cash basis, to record all capital improvements and equipment purchases as current expenses at the time of purchase. During the year ended December 31, 2009, the Association spent \$32,765 on improving the playground on its premises. During the year ended December 31, 2008, the Association spent \$158,472 on replacement of the water line on 1st St. and rebuilding the roadway after the replacement.

NOTE 6 - 1st STREET PROJECT LOAN

In September 2008, \$110,000 was borrowed from the Jonestown Bank & Trust Company for the 1st Street water line replacement and repaving project. The loan was collateralized by 3 rental garages on the Association's property. The term of the loan was 60 months. Scheduled monthly payments and the applicable fixed interest rates were \$2,131 and 6.00%.

Future payments as of December 31, 2009 are as follows:

<u>Years ending December 31:</u>	
2010	\$ 22,647
2011	24,044
2012	<u>13,104</u>
Total	<u>\$ 59,795</u>

MT. GREтна CAMPMEETING ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
Year Ended December 31, 2009

NOTE 7 - 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 to the Campmeeting in memory of the Seiders. As of December 31, 2009, none of the designated balance was spent.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$25,816 at December 31, 2009 represent the unspent balance of contributions received in that year for improvement of the playground.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 30, 2010 which represents the date the financial statements were available to be issued. No issues requiring disclosure were noted.

OTHER FINANCIAL INFORMATION

MT. GRETNA CAMPMEETING ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

For the Year Ended December 31, 2009 with summarized
financial information for the year ended December 31, 2008

	Program	Management and General	Fund Raising	2009	Total 2008
Utilities	\$ 150,141	\$ 1,000	\$ -	\$ 151,141	\$ 145,100
Wages	40,507	2,081	110	42,698	43,618
Grounds and Maintenance	20,957	-	-	20,957	29,142
Insurance	11,747	500	-	12,247	11,786
Employee Health Insurance	7,216	380	20	7,616	6,800
Interest Expense	5,657	-	-	5,657	1,637
Truck and Tractor Costs	5,512	-	-	5,512	5,949
Payroll Taxes	3,767	203	11	3,981	3,946
Administrative Costs	2,975	707	37	3,719	3,810
Community Activities	3,163	-	-	3,163	3,038
Garage Expenses	2,494	-	-	2,494	265
Contributions	2,100	-	-	2,100	2,150
Accounting Fees	-	2,000	-	2,000	1,650
Fundraising	-	-	1,964	1,964	-
Property Taxes	554	-	-	554	518
Library	544	-	-	544	430
Tabernacle Building Expense	543	-	-	543	1,740
Legal Fees	-	393	-	393	138
Communications	283	-	-	283	-
Total Expenses	\$ 258,160	\$ 7,264	\$ 2,142	\$ 267,566	\$ 261,717