

**Lake Lorman Utility District
P. O. Box 298
Flora, MS 39071
601-981-1657**

May 31, 2022

Ms. Cynthia Parker
Madison County Board of Supervisors
Chancery Administrative Building
P. O. Box 404
Canton, MS 39046-0404

Dear Ms. Parker:

Enclosed you will find the audit for the year ended October 2021 for the Lake Lorman Utility District. Please see that the copy is available to the supervisor for our district, Mr. Karl Banks.

Please contact me at 601-856-7625 or e-mail me at masones@bellsouth.net if you should have questions concerning this document.

Sincerely,



Mary Ann Sones, Treasurer
Lake Lorman Utility District



www.mclcpa.net



MATTHEWS
CUTRER *and*
LINDSAY, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District
MADISON, MISSISSIPPI

FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

*Ridgeland, Clinton, and Yazoo City,
Mississippi*

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

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LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

SUPPLEMENTAL DATA REQUIRED BY RURAL DEVELOPMENT
FOR THE YEAR ENDED OCTOBER 31, 2021

6. ELECTED OFFICIALS – (Continued)

Commissioner
3/1/17 – 6/1/21

Jimmie L. King
110 Moss Ridge Drive, Madison, MS 39110

1020 Highland Colony Parkway
Suite 500
Ridgeland, MS 39157
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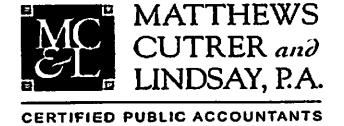
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*American Institute of
Certified Public Accountants*

*Mississippi Society of
Certified Public Accountants*

J. Raleigh Cutrer, CPA/TFS/ABV
Charles R. Lindsay, CPA
Matthew E. Freeland, CPA
Ken L. Guthrie, CPA
Joe Tommasini, CPA
Matthew A. Turnage, CPA
Kimberly L. Hardy, CPA/CFE
William (Bill) McCoy, CPA
Michelle R. Stonestreet, CPA
Chris B. Savell, CPA
Judy W. Shannon, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lake Lorman Utility Corporation
d/b/a Lake Lorman Utility District
Madison, Mississippi

Opinion

We have audited the accompanying financial statements of Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District (a nonprofit organization), which comprise the statement of financial position as of October 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 financial statements referred to above present fairly, in all material respects, the financial position of Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District as of October 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. 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 Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District 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 Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District'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 Lake Lorman Utility Corporation d/b/a Lake Lorman Utility District's ability to continue as a going concern for a reasonable period of time.

**LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District**

**SUPPLEMENTAL DATA REQUIRED BY RURAL DEVELOPMENT
FOR THE YEAR ENDED OCTOBER 31, 2021**

5. INSURANCE COVERAGE

Lake Lorman Utility District had the following insurance policies at October 31, 2021:

<u>Type</u>	<u>Coverage</u>	<u>Dates</u>		<u>Policy Number</u>
		<u>From</u>	<u>To</u>	
Fidelity Bond	\$50,000	02/28/21	02/28/22	104796141
Commercial Package	\$1,000,000	10/01/21	10/01/22	5105016409
Fidelity Bond	\$50,000	03/01/21	03/01/22	106115766
Fidelity Bond	\$50,000	02/28/21	02/28/22	104879526
Fidelity Bond	\$50,000	03/01/21	03/01/22	106280959
Fidelity Bond	\$50,000	02/28/21	02/28/22	400TC3931
Fidelity Bond	\$40,000	04/20/21	04/20/22	106040222
Fidelity Bond	\$10,000	10/08/21	10/08/22	104879511

6. ELECTED OFFICIALS

The following officials are nominated by the customers of the Organization and approved by the Madison County Board of Supervisors for five year terms. The commissioners elect officers annually.

President 3/1/21 - 2/28/26	Don Seagrove 118 Northshore Drive, Madison, MS 39110
Vice President 3/1/18 - 2/28/23	Woody Holt 120 Moss Ridge Drive, Madison, MS 39110
Secretary 3/1/19 - 2/28/24	Linda McCraw 141 Lakeshore Drive, Madison, MS 39110
Treasurer 3/1/20 - 2/28/25	Mary Ann Sones 3910 Coker Road, Madison, MS 39110

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

SUPPLEMENTAL DATA REQUIRED BY RURAL DEVELOPMENT
FOR THE YEAR ENDED OCTOBER 31, 2021

1. EXISTING SYSTEM

As of October 31, 2021, the number of users are as follows:

Residential	221
Non-residential	<u>1</u>
	222

All users are located in Madison County, Mississippi.

2. WATER AND SEWAGE USAGE

Average monthly gallons used in the Lake Lorman Utility Corporation for the year ended October 31, 2021 are as follows:

Residential	966,768
Non-residential	<u>-</u>
	966,768

3. WATER AND SEWER RATES

The water rates during the year ended October 31, 2021 were:

Water

\$35.00	monthly minimum up to 2,000 gallons
7.00	per 1,000 gallons for the next 2,000 gallons
7.00	per subsequent 1,000 gallons

Sewer

\$55.00	monthly minimum up to 2,000 gallons
7.00	per 1,000 gallons for next 2,000 gallons
7.00	per 1,000 gallons exceeding 4,000 gallons

4. ETHNICITY

The current users in the Lake Lorman Utility Corporation are primarily Caucasian.

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 audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental data on pages 17 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Matthews, Carter & Lindsay, P.A.

Ridgeland, Mississippi
January 31, 2022

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF FINANCIAL POSITION
AT OCTOBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 425,423	\$ 352,658
Accounts receivable, net of allowance for uncollectible accounts of \$1,352 and \$764 for 2021 and 2020, respectively	29,044	29,967
Accounts receivable-other	-	29,720
Prepaid expenses	<u>11,104</u>	<u>7,571</u>
	<u>465,571</u>	<u>419,916</u>
 CASH RESTRICTED (Note 2)	 <u>57,665</u>	 <u>65,649</u>
 PROPERTY AND EQUIPMENT		
Land	64,440	64,440
Water facilities and equipment	2,784,681	2,734,035
Software	<u>8,357</u>	<u>8,357</u>
	2,857,478	2,806,832
Less: accumulated depreciation	<u>(2,581,542)</u>	<u>(2,480,209)</u>
	<u>275,936</u>	<u>326,623</u>
 DEPOSITS	 <u>150</u>	 <u>150</u>
	 <u>\$ 799,322</u>	 <u>\$ 812,338</u>

SUPPLEMENTAL INFORMATION

See notes to financial statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

7. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management has evaluated events through January 31, 2022, which is the date the financial statements are available to be issued, and concluded that no additional disclosures are required.

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF FINANCIAL POSITION - CONTINUED
AT OCTOBER 31, 2021 AND 2020

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 587	\$ -
Current installments of long-term debt	57,802	62,716
Accrued interest payable	392	485
Meter deposits	<u>14,965</u>	<u>22,949</u>
	<u>73,746</u>	<u>86,150</u>
LONG-TERM DEBT, net of current portion (Note 3)	<u>350,654</u>	<u>408,456</u>
	<u>424,400</u>	<u>494,606</u>
NET ASSETS		
Without donor restrictions	332,222	275,032
With donor restrictions (Note 4)	<u>42,700</u>	<u>42,700</u>
	<u>374,922</u>	<u>317,732</u>
	<u>\$799,322</u>	<u>\$812,338</u>

See notes to financial statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Bond cushion	\$ 21,400	\$ 21,400
Depreciation	10,650	10,650
Contingent	<u>10,650</u>	<u>10,650</u>
	<u>\$ 42,700</u>	<u>\$ 42,700</u>

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5. MANAGEMENT AGREEMENT

The operations of the Organization are managed by North Hinds Water Association. Amounts incurred for management fees for the years ended October 31, 2021 and 2020 totaled \$11,828 and \$11,700, respectively.

6. LIQUIDITY

The following reflects the Organization's financial assets as of October 31, 2021 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions.

Current Assets	\$ <u>465,571</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>465,571</u>

The Organization does not maintain an operating reserve account to cover the average monthly operating costs, excluding noncash expenses. However, the average monthly costs were approximately \$22,000 for the year ended October 31, 2021. The Organization had approximately 21 months of financial assets available to meet its average monthly operating costs for the year ended October 31, 2021. The Organization does not have a policy regarding the investment of cash in excess of daily requirements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

2. RESTRICTED CASH – (Continued)

Rural Development

The terms of the Rural Department bond indentures require monthly deposits to restricted accounts which are segregated from the unrestricted net assets. Meter deposits received from customers are held in a restricted cash account.

3. LONG-TERM DEBT

The details of long-term debt are as follows:

	<u>2021</u>	<u>2020</u>
Bond payable to the U.S. Department of Agriculture – Rural Development in monthly installments of \$2,108, including interest of 7.375% maturing April, 2029 (Subsequently paid off. Collateralized by a lien, junior and subordinate to the corporation's 1979 revenue bond, on the combined revenues of the corporation.	\$ -	\$ 6,340
State of Mississippi Department of Health, Drinking Water System Improvement payable in monthly installments of \$5,613 including interest at 2.5% maturing May, 2028.	<u>408,456</u>	<u>464,832</u>
Total long-term debt	408,456	471,172
Less current installments	<u>(57,802)</u>	<u>(62,716)</u>
	<u>\$ 350,654</u>	<u>\$ 408,456</u>

At October 31, 2021, maturities of long-term debt are as follows:

<u>Year Ending</u> <u>October 31,</u>	
2022	\$ 57,802
2023	59,263
2024	60,762
2025	62,299
2026	63,874
Thereafter	<u>104,456</u>
	<u>\$ 408,456</u>

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT RESTRICTIONS		
REVENUES AND OTHER SUPPORT		
Water revenue	\$ 193,244	\$ 198,591
Sewer revenue	214,595	217,048
Tap and trench - new meters	1,135	2,825
Interest income	1,683	1,984
Late fees	6,566	2,833
Sewer connection	7,133	1,956
Other income	904	2,200
	<u>425,260</u>	<u>427,437</u>
EXPENSES		
Program	316,697	268,424
Management and general	51,373	47,203
	<u>368,070</u>	<u>315,627</u>
CHANGE IN NET ASSETS	57,190	111,810
NET ASSETS AT BEGINNING OF YEAR	<u>317,732</u>	<u>205,922</u>
NET ASSETS AT END OF YEAR	<u>\$ 374,922</u>	<u>\$ 317,732</u>

See notes to financial statements.

LAKE LORMAN UTILITY CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2021

	Program	Management & General	Fundraising	Total
Audit, engineer, and legal	\$ -	\$ 10,771	\$ -	\$ 10,771
Bank service charges	-	1,337	-	1,337
Depreciation	100,320	1,013	-	101,333
Insurance	4,255	1,202	-	5,457
Interest	-	10,978	-	10,978
Management fees (Note 5)	-	11,828	-	11,828
Miscellaneous	12,004	12,003	-	24,007
Per diem	-	1,820	-	1,820
Postage	421	421	-	842
Repairs and maintenance	175,262	-	-	175,262
Utilities - water and sewer	24,435	-	-	24,435
	<u>\$ 316,697</u>	<u>\$ 51,373</u>	<u>\$ -</u>	<u>\$ 368,070</u>
Percentage of allocations	<u>86%</u>	<u>14%</u>	<u>0%</u>	<u>100%</u>

See notes to financial statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

1. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Revenue Recognition

The Organization recognizes revenue as water and sewer services are provided to its customers, which happens over time as the service is deliverable and the performance obligation is satisfied. Generally payment is due within 30 days once a bill is issued to a customer.

Water revenues represent revenues earned for supplying customers with water service. Sewer revenues represent revenues earned for treating wastewater and releasing it into the water supply. Other revenues are associated fees that relate to the regulated business but are not water and sewer revenues.

Income Taxes

The Organization is a tax-exempt organization as described in Section 501(c)(12) of the Internal Revenue Code and is generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Organization believes it has no uncertain tax positions. Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

2. RESTRICTED CASH

Restricted cash is as follows:

	<u>2021</u>	<u>2020</u>
Bond cushion funds	\$ 21,400	\$ 21,400
Contingent fund	10,650	10,650
Depreciation funds	10,650	10,650
Customer meter deposits	<u>14,965</u>	<u>22,949</u>
	<u>\$ 57,665</u>	<u>\$ 65,649</u>

Agency Funds

The Organization has accepted certificates of deposits from the Madison County Board of Supervisors and has agreed to use those assets along with the return of investment from those assets to benefit the Lake Lorman Fire District, now merged with the Southwest Madison County Fire Protection District. During the year ended October 31, 2020, these agency funds were returned for use in the construction of a new fire station.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

1. SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Concentrations of Credit Risk

The Organization provides services on credit to its customers, all of whom are located within the boundaries of the utility district in Madison County, Mississippi. The Organization performs ongoing credit evaluations of its customers. The Organization has adjusted accounts receivable for all known uncollectible accounts.

The Organization maintains cash deposits at banks which are insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures cash balances up to \$250,000 per institution extends to interest bearing and non-interest-bearing accounts. At October 31, 2021, the uninsured cash balance was \$102,944.

Cash and cash equivalents

For financial statement purposes, the Organization considers all investments with original maturity of twelve months or less to be cash equivalents.

Accounts Receivable

Revenue from water and sewer services is recognized when earned. An account will be written off as a bad debt when it has been determined to be uncollectible. A valuation allowance has been established, based on an evaluation of each account. The valuation allowance for the years ended October 31, 2021 and 2020 totaled \$1,352 and \$764, respectively.

Property and Equipment

Property and equipment are valued at cost. Maintenance, repairs and minor replacements are expensed as incurred, significant renewals and betterments are capitalized. Depreciation is provided using the straight line method over the estimated useful life of the asset as follows:

Water facilities and equipment – 5 to 30 years
Software – 3 years

LAKE LORMAN UTILITY CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2020

	Program	Management & General	Fundraising	Total
Audit, engineer, and legal	-	10,378	-	10,378
Bank service charges	-	1,808	-	1,808
Depreciation and amortization	97,544	985	-	98,529
Insurance	4,341	1,226	-	5,567
Interest	-	14,388	-	14,388
Management fees (Note 5)	-	11,700	-	11,700
Miscellaneous	4,413	4,413	-	8,826
Per diem	-	1,715	-	1,715
Postage	591	590	-	1,181
Repairs and maintenance	136,182	-	-	136,182
Utilities - water and sewer	25,353	-	-	25,353
	<u>\$ 268,424</u>	<u>\$ 47,203</u>	<u>\$ -</u>	<u>\$ 315,627</u>
Percentage of allocations	<u>85%</u>	<u>15%</u>	<u>0%</u>	<u>100%</u>

See notes to financial statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a LAKE LORMAN UTILITY DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 57,190	\$ 111,810
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	101,333	98,529
Decrease (increase) in		
Accounts receivable	30,643	(11,222)
Prepaid expenses	(3,533)	(629)
Increase (decrease) in		
Accounts payable	587	(34,574)
Accrued interest	(93)	(502)
Meter deposits and agency funds payable	(7,984)	1,269
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>178,143</u>	<u>164,681</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(50,646)	(29,716)
Proceeds from sale of asset	-	-
Decrease (increase) in restricted cash	7,984	(1,269)
NET CASH USED IN INVESTING ACTIVITIES	<u>(42,662)</u>	<u>(30,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term debt	(62,716)	(87,208)
NET INCREASE IN CASH	72,765	46,488
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>352,658</u>	<u>306,170</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$425,423</u>	<u>\$ 352,658</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 11,071</u>	<u>\$ 14,890</u>

See notes to financial statements.

LAKE LORMAN UTILITY CORPORATION
d/b/a Lake Lorman Utility District

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2021 AND 2020

1. SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Lake Lorman Utility Corporation provides water and sewer services to both residential and non-residential entities in Madison County, Mississippi.

Basis of Presentation

The financial statements of the Organization have been prepared in on the accrual basis in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 and disclosures. Actual amounts could differ from those results.