



**AUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

**YEARS ENDED
MARCH 31, 2026 AND 2025**

THE LAKESIDE ASSOCIATION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Lakeside Association and Affiliates
Lakeside, Ohio

Opinion

We have audited the accompanying consolidated financial statements of The Lakeside Association and Affiliates (an Ohio nonprofit organization), which comprise the consolidated statements of financial position as of March 31, 2026 and 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Lakeside Association and Affiliates (the Association) as of March 31, 2026 and 2025, 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 consolidated 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 consolidated 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 the Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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.

Barnes Wendling CPAs

Sheffield Village, Ohio
July 15, 2026

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Financial Position

	March 31,	
	2026	2025
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 8,442,095	\$ 7,971,970
Accounts receivable, net of allowance for credit losses of \$72,784 at March 31, 2026 and \$141,767 at March 31, 2025	714,714	680,772
Prepaid expenses and other assets	357,717	503,644
TOTAL CURRENT ASSETS	9,514,526	9,156,386
 Property and Equipment		
Land and land improvements	12,931,938	12,737,982
Buildings and fixed equipment	19,817,608	18,741,907
Equipment	5,066,393	4,909,116
	37,815,939	36,389,005
Accumulated depreciation	(24,007,776)	(22,977,390)
	13,808,163	13,411,615
Construction in progress	2,682,780	2,040,245
	16,490,943	15,451,860
 Other Assets		
Investments	13,797,756	12,519,910
TOTAL ASSETS	\$ 39,803,225	\$ 37,128,156

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Financial Position (Continued)

	March 31,	
	2026	2025
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 390,479	\$ 646,263
Accrued salaries and wages	226,712	210,710
Deferred revenue	2,155,962	2,141,664
Current portion of notes payable	114,656	117,352
Current portion of obligations under annuity agreements	2,717	2,717
TOTAL CURRENT LIABILITIES	2,890,526	3,118,706
Long-Term Liabilities		
Notes payable, less current portion	729,325	843,623
Obligations under annuity agreements, less current portion	9,483	10,228
	738,808	853,851
TOTAL LIABILITIES	3,629,334	3,972,557
Net Assets		
Without donor restriction		
Undesignated	3,201,430	3,031,538
Investment in property and equipment	15,646,962	14,490,885
Designated by the Board for historic preservation	215,855	146,856
Designated by the Board for endowment	3,133,494	2,888,379
Designated by the Board for the streets and drainage improvement project	1,218,928	1,257,411
Regulatory-restricted endowment funds	105,941	96,714
	23,522,610	21,911,783
With donor restriction		
Development fund	2,868,197	2,438,538
Fiduciary fund	322,319	285,565
Endowment funds	9,460,765	8,519,713
	12,651,281	11,243,816
TOTAL NET ASSETS	36,173,891	33,155,599
TOTAL LIABILITIES AND NET ASSETS	\$ 39,803,225	\$ 37,128,156

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Activities and Changes in Net Assets Year Ended March 31, 2026

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND OTHER SUPPORT			
Program revenue			
Chautauqua	\$ 11,133,600	\$ -	\$ 11,133,600
Realty, net	453,020	-	453,020
Memorial Garden - burial fees	19,000	-	19,000
	<u>11,605,620</u>	<u>-</u>	<u>11,605,620</u>
Support			
Contributions and bequests	973,709	1,308,777	2,282,486
Grants	-	-	-
Investment return, net	593,108	1,110,741	1,703,849
Change in annuity agreements, net	-	(1,972)	(1,972)
	<u>1,566,817</u>	<u>2,417,546</u>	<u>3,984,363</u>
Total revenue and support	<u>13,172,437</u>	<u>2,417,546</u>	<u>15,589,983</u>
Endowment appropriation	306,087	(306,087)	-
Net assets released from restrictions	703,994	(703,994)	-
Total revenue and other support	<u>14,182,518</u>	<u>1,407,465</u>	<u>15,589,983</u>
EXPENSES			
Program			
Chautauqua	(9,337,858)	-	(9,337,858)
Realty	(483,991)	-	(483,991)
Memorial Garden	(88,683)	-	(88,683)
	<u>(9,910,532)</u>	<u>-</u>	<u>(9,910,532)</u>
General and administrative	(2,585,824)	-	(2,585,824)
Fundraising	(446,547)	-	(446,547)
Total expenses	<u>(12,942,903)</u>	<u>-</u>	<u>(12,942,903)</u>
OTHER CHANGES IN NET ASSETS			
Gain on sale of property and equipment	371,212	-	371,212
Changes in net assets	1,610,827	1,407,465	3,018,292
Net assets, beginning of year	<u>21,911,783</u>	<u>11,243,816</u>	<u>33,155,599</u>
NET ASSETS, end of year	<u>\$ 23,522,610</u>	<u>\$ 12,651,281</u>	<u>\$ 36,173,891</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Activities and Changes in Net Assets Year Ended March 31, 2025

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND OTHER SUPPORT			
Program revenue			
Chautauqua	\$ 10,784,878	\$ -	\$ 10,784,878
Realty, net	512,501	-	512,501
Memorial Garden - burial fees	31,500	-	31,500
	<u>11,328,879</u>	<u>-</u>	<u>11,328,879</u>
Support			
Contributions and bequests	534,786	1,618,567	2,153,353
Grants	-	253,794	253,794
Investment return, net	345,817	380,753	726,570
Change in annuity agreements, net	-	196	196
	<u>880,603</u>	<u>2,253,310</u>	<u>3,133,913</u>
Total revenue and support	<u>12,209,482</u>	<u>2,253,310</u>	<u>14,462,792</u>
Endowment appropriation	284,393	(284,393)	-
Net assets released from restrictions	1,095,336	(1,095,336)	-
Total revenue and other support	<u>13,589,211</u>	<u>873,581</u>	<u>14,462,792</u>
EXPENSES			
Program			
Chautauqua	(8,695,274)	-	(8,695,274)
Realty	(448,984)	-	(448,984)
Memorial Garden	(79,637)	-	(79,637)
	<u>(9,223,895)</u>	<u>-</u>	<u>(9,223,895)</u>
General and administrative	(2,471,264)	-	(2,471,264)
Fundraising	(477,702)	-	(477,702)
Total expenses	<u>(12,172,861)</u>	<u>-</u>	<u>(12,172,861)</u>
Changes in net assets	1,416,350	873,581	2,289,931
Net assets, beginning of year	<u>20,495,433</u>	<u>10,370,235</u>	<u>30,865,668</u>
NET ASSETS, end of year	<u>\$ 21,911,783</u>	<u>\$ 11,243,816</u>	<u>\$ 33,155,599</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Functional Expenses Year Ended March 31, 2026

	Program				General and Administrative	Fundraising	Total
	Chautauqua	Realty	Memorial Garden	Total Program			
Salaries and wages	\$ 2,844,623	\$ 224,580	\$ 37,646	\$ 3,106,849	\$ 1,156,297	\$ 254,289	\$ 4,517,435
Payroll taxes	254,811	8,603	-	263,414	89,073	19,407	371,894
Employee benefits	295,105	19,599	-	314,704	251,435	47,625	613,764
Program contracts	1,458,022	-	-	1,458,022	-	-	1,458,022
Supplies	348,364	1,678	672	350,714	73,278	16,707	440,699
Depreciation and amortization	874,153	5,755	29,174	909,082	113,365	7,940	1,030,387
Utilities, telephone, and rubbish removal	617,236	747	2,234	620,217	48,433	2,454	671,104
Maintenance and repairs	534,592	97,857	11,792	644,241	21,274	2,848	668,363
Advertising and publications	-	-	-	-	135,458	-	135,458
Travel and auto	124,476	-	-	124,476	7,885	414	132,775
Food service and lodging	331,143	-	-	331,143	7,475	9,261	347,879
Professional fees	83,457	7,655	295	91,407	259,311	9,271	359,989
Bank charges	78,915	60,752	212	139,879	240,540	5,453	385,872
Insurance	408,354	-	1,023	409,377	45,449	1,030	455,856
Taxes	212,629	39,341	2,950	254,920	14,230	-	269,150
Lease payments	144,413	1,434	-	145,847	46,602	4,940	197,389
Promotional	497,950	-	-	497,950	20,972	33,518	552,440
Interest expense	43,203	3,751	-	46,954	-	3,889	50,843
Miscellaneous	186,412	12,239	2,685	201,336	54,747	27,501	283,584
Total expenses reported by function	<u>\$ 9,337,858</u>	<u>\$ 483,991</u>	<u>\$ 88,683</u>	<u>\$ 9,910,532</u>	<u>\$ 2,585,824</u>	<u>\$ 446,547</u>	<u>\$ 12,942,903</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Functional Expenses Year Ended March 31, 2025

	Program				General and		
	Chautauqua	Realty	Memorial Garden	Total Program	Administrative	Fundraising	Total
Salaries and wages	\$ 3,001,625	\$ 211,617	\$ 36,428	\$ 3,249,670	\$ 931,845	\$ 297,517	\$ 4,479,032
Payroll taxes	267,432	7,815	-	275,247	79,330	22,814	377,391
Employee benefits	338,708	31,649	-	370,357	231,701	46,426	648,484
Program contracts	1,404,634	-	-	1,404,634	-	-	1,404,634
Supplies	274,018	2,196	-	276,214	57,961	25,963	360,138
Depreciation and amortization	928,881	5,632	29,174	963,687	24,383	8,957	997,027
Utilities, telephone, and rubbish removal	602,602	1,222	2,593	606,417	51,099	2,259	659,775
Maintenance and repairs	211,974	109,970	5,022	326,966	28,943	3,033	358,942
Advertising and publications	-	-	-	-	116,856	-	116,856
Travel and auto	142,861	-	-	142,861	9,492	8,825	161,178
Food service and lodging	358,457	224	-	358,681	7,469	5,718	371,868
Professional fees	35,365	281	25	35,671	401,532	8,255	445,458
Bank charges	47,221	52,924	212	100,357	298,026	4,161	402,544
Insurance	357,862	-	935	358,797	39,755	966	399,518
Taxes	154,027	5,889	5,248	165,164	68,183	-	233,347
Lease payments	127,690	1,714	-	129,404	50,456	2,063	181,923
Promotional	251,287	-	-	251,287	730	11,271	263,288
Interest expense	50,689	4,732	-	55,421	771	4,252	60,444
Miscellaneous	139,941	13,119	-	153,060	72,732	25,222	251,014
Total expenses reported by function	<u>\$ 8,695,274</u>	<u>\$ 448,984</u>	<u>\$ 79,637</u>	<u>\$ 9,223,895</u>	<u>\$ 2,471,264</u>	<u>\$ 477,702</u>	<u>\$ 12,172,861</u>

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidated Statements of Cash Flows

	Years Ended March 31,	
	2026	2025
Cash Flows From Operating Activities:		
Changes in net assets:	\$ 3,018,292	\$ 2,289,931
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,030,387	997,027
Realized/unrealized gain on investments	(1,054,976)	(277,948)
Gain on sale of property and equipment	(371,212)	-
Contributions restricted for long-term investment	(209,556)	(864,033)
Change in annuity agreements, net	1,972	(196)
(Increase) decrease in assets:		
Accounts receivable	(33,942)	(32,251)
Prepaid expenses and other assets	145,927	(214,321)
Increase (decrease) in liabilities:		
Accounts payable	(255,784)	247,092
Accrued salaries and wages	16,002	4,074
Deferred revenue	14,298	911,155
Net cash provided by operating activities	2,301,408	3,060,530
Cash Flows From Investing Activities:		
Purchases of property and equipment	(2,240,218)	(1,423,600)
Proceeds from disposal of property and equipment	541,960	-
Purchases of investments	(6,138,875)	(1,323,890)
Payments to annuitants	(2,717)	(2,717)
Proceeds from sale of investments	5,916,005	623,837
Net cash used in investing activities	(1,923,845)	(2,126,370)
Cash Flows From Financing Activities:		
Contributions restricted for long-term investment	209,556	864,033
Proceeds from line of credit	-	(318,167)
Payments on notes payable	(116,994)	(113,122)
Net cash provided by financing activities	92,562	432,744
Net increase in cash and cash equivalents	470,125	1,366,904
Cash and cash equivalents at beginning of year	7,971,970	6,605,066
Cash and cash equivalents at end of year	\$ 8,442,095	\$ 7,971,970
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ 50,843	\$ 60,444
Income taxes	\$ 28,730	\$ -

See Notes to Consolidated Financial Statements

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Lakeside Association was incorporated in the State of Ohio in 1919 as a not-for-profit association providing religious, educational, cultural, and recreational programs upon the plan or system known as the Chautauqua plan to Lakeside residents and guests. The Lakeside Association generates revenue from the programs which are comprised of recreational activities, admission passes, donations, contributions, investment income, accommodations, food services and assessment charges paid by the Lakeside homeowners.

Lakeside Chautauqua Realty, LLC (Realty), a wholly owned for-profit subsidiary of the Lakeside Association, provides vacation rental services and real estate sales services.

The Memorial Garden at Chautauqua Park LLC (Memorial Garden), a wholly owned nonprofit subsidiary of the Lakeside Association, operates a memorial garden.

The Lakeside Chautauqua Foundation (Foundation) is a nonprofit organization dedicated to raising and growing charitable giving to support the Lakeside Association in accordance with its mission.

Basis of Accounting

The consolidated financial statements of the Lakeside Association have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Association are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Entities* issued by the American Institute of Certified Public Accountants.

Consolidated Financial Statements

The accompanying consolidated financial statements present the consolidated statements of financial position, statements of activities and changes in net assets, functional expenses, and cash flows of The Lakeside Association, its wholly owned subsidiaries Realty and Memorial Garden, and a related nonprofit, Foundation, collectively, the (Association). All intercompany transactions and balances have been eliminated in the consolidation.

Use of Estimates

The preparation of consolidated 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 disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2025 consolidated financial statements have been reclassified to conform to the 2026 consolidated financial statement presentation. These reclassifications had no effect on total assets, total liabilities, net assets, or changes in net assets.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Association is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets without Donor Restriction

Net assets not subject to donor-imposed restrictions. This includes net investment in property and equipment and endowment funds designated by the board of directors, which are subject to the spending policy as further described in Note H. This also includes net assets designated to an endowment in accordance with Ohio Revised Code 1721.21. The Association's regulatory restricted - perpetual care endowment is described in Note I.

Beginning the year ended March 31, 2023, a historic preservation fee was included in the admission charges for adults. The historic preservation fees collected are designated by the board of directors to be used for projects (a) which preserve, protect, and improve landscapes, buildings, and amenities within Lakeside that have a meaningful role in Lakeside's past and (b) which will preserve and enhance Lakeside's heritage for future generations, as approved by the board of directors of the Association.

Beginning the quarter ended December 2023 and ending in the quarter ended March 2025, the Association board of directors approved an increase in the homeowner assessment rate to fund an estimated \$4 million streets project. The streets project focus is on improving Lakeside's infrastructure due to deterioration, drainage issues, runoff, and safety of Lakeside's streets and sidewalks.

Net Assets with Donor Restriction

Net assets subject to donor-imposed restriction, as further described in Note G. Some donor-imposed restrictions are temporary in nature, such as those met by passage of time or other events specified by the donor. Donor-imposed restrictions temporary in nature are included in the Association's development fund and fiduciary fund. The development fund represents donor-restricted contributions not yet used for the donor specified purpose. The fiduciary fund consists of investments held under charitable remainder gift annuities and charitable remainder unitrusts, net of the present value of the liabilities to the annuitants and trust beneficiaries for future payments. The fiduciary fund net assets are restricted until the death of the annuitant or trust beneficiaries, at which time the remaining trust assets are available to the Association. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources be maintained in perpetuity, as further described in Note H.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents exclude any cash or cash equivalents maintained in professional investment accounts. The Association's cash balances may exceed the insured amount from time to time.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are generally homeowner assessments requiring payment within 30 days from the invoice date. The carrying amount of accounts receivable is reduced by a valuation allowance reflecting management's best estimate of the amounts not to be collected. Unpaid accounts receivable bear interest of 1.50% per month after 30 days.

Management individually reviews all accounts receivable balances exceeding 90 days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance not to be collected. Accounts are written off when deemed uncollectible.

	March 31,		April 1,
	2026	2025	2025
Accounts receivable, gross	\$ 787,498	\$ 822,539	\$ 787,640
Allowance for credit losses	(72,784)	(141,767)	(139,119)
Accounts receivable, net	<u>\$ 714,714</u>	<u>\$ 680,772</u>	<u>\$ 648,521</u>

The Association operates in the Chautauqua non-profit industry and its accounts receivables are primarily derived from cottage owners (customer segments). At each consolidated statement of financial position date, the Association recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Association's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association. The Association believes historical loss information is a reasonable starting point from which to calculate the expected allowance for credit losses because the Association's customer segments have remained constant since the Association's inception. Based on the Association's assessments and cash flow forecasts, the Association is anticipating no change in expected credit losses than have been incurred in the past. As a result, management has determined that no change in allowance for credit losses should be recorded.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are stated at fair value at the time of the donation. All property and equipment are being depreciated on the straight-line basis over the estimated useful lives of the assets, ranging from five to forty years. Repairs and maintenance are charged to expense as incurred, whereas the costs of property and equipment additions and improvements are capitalized. The Association's policy is to capitalize assets greater than \$2,500 with a useful life of more than one year. Construction in progress consists of accumulated costs for constructing property and equipment until the property and equipment is complete and placed in service. Construction in progress is not depreciated. The Association holds legal title to all land within the gates of the Association. Homeowners own the cottages built on the land owned by the Association.

Investments

The Association's investments consist of fiduciary investments, endowment investments, and Association investments. Investments are comprised of the following:

	March 31,	
	2026	2025
Fiduciary investments	\$ 334,519	\$ 298,510
Endowment investments	12,700,200	11,504,806
Association investments	763,037	716,594
	<u>\$ 13,797,756</u>	<u>\$12,519,910</u>

Fiduciary investments are investments held under split interest agreements as further described in Note F. Endowment investments are further described in Note H. Association investments are comprised of contributions without donor restriction invested for the purpose of earning investment income on cash intended for future needs. Investment income includes realized and unrealized gains and losses, and interest and dividends, net of fees.

Revenue Recognition

Program Revenue

Program revenue is recognized as revenue when goods are rendered or services performed. The performance obligation is satisfied upon delivery of the goods or satisfaction of the service requirements. Fees for goods and services received prior to year end for goods not yet rendered or services not yet performed are reported as deferred revenue on the consolidated statements of financial position.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Chautauqua Revenue

Chautauqua revenue consists of the following:

	Years Ended March 31,	
	2026	2025
Admission charges	\$ 5,695,180	\$ 5,457,391
Assessment fees	2,671,539	2,569,133
Facility rentals	139,237	137,532
Hotel accommodations	1,379,300	1,403,420
Commercial rental	228,776	215,418
Other programmatic revenue	1,019,568	1,001,984
	<u>\$ 11,133,600</u>	<u>\$ 10,784,878</u>

Admission Charges: The Association's gates are generally in operation at all entrances to the Association's grounds beginning Memorial Day weekend through Labor Day weekend (the Association's season). Operation of the gates is considered paramount to controlling access to the Association's events and venues and maintaining a safe and secure environment for all during the Association's season. Individuals entering the Association's gates must purchase a pass for entry and a parking pass if a vehicle is parked inside the Association's gates or in allowable parking locations outside of the Association's gates. Both gate and parking passes may be purchased for a day, multiple days, a partial day, or for the Association's season.

Commercial Rental: Property rental income related to commercial property leases is recognized on an accrual basis over the terms of the related leases on a straight-line basis. Amounts received in advance are recorded as a liability within deferred revenue. Tenant chargebacks and common area maintenance are recognized in the period earned, as further described in Note K.

Assessment Fees: The Association's homeowners are subject to annual assessments, which are billed at the end of each calendar quarter, to provide funds for the Association's expenses and capital repairs related to streets and sanitation. Assessment fees are assessed based on a rate set by the board of directors annually, not to exceed 1.00%, multiplied by the appraised value of each property, as it appears on the County Tax Duplicate. The annual set rate for the years ended March 31, 2026 and 2025 was 0.491%. Beginning in the quarter ended December 2023 and ended in the quarter ended March 2025, the annual assessment rate increased to 0.64%, due to the addition of a special assessment of 0.149% to fund the streets project.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Chautauqua Revenue Continued

Assessment Fees (Continued): Included in billings for assessment fees are fees associated with trash collection. Trash collection fees were \$237 per year per cottage for the years ended March 31, 2026 and 2025. Assessment fee revenue is recognized over the assessment period.

Facility Rental, Hotel Accommodations, Other Programmatic Revenue, and Restaurant: Facility rental, hotel accommodations, other programmatic revenue, and restaurant revenue are recognized when the rentals take place, over the period of stay at one of the Association's hotels, programs take place, or food service is provided, respectively.

Realty Revenue

Realty revenue consists of the following:

	Year Ended March 31,	
	2026	2025
Cottage rental revenue, net	\$ 357,311	\$ 407,280
Realty commissions, net	77,567	87,642
Commercial rental	14,200	17,086
Other programmatic revenue	3,942	493
	<u>\$ 453,020</u>	<u>\$ 512,501</u>

Cottage Rentals: Realty provides vacation rental services to the Association's homeowners who rent their cottages to visitors of the Association. Realty promotes homes available for rent, books reservations, and handles collections of rental fees. The Association's homeowners receive commissions for the rental of their cottage at a rate of 80% of the rental fee. Realty retains 20% of the rental fee. Cottage rental revenue also includes fees charged for cottage maintenance. Cottage rental revenue and owner cottage rental commissions are reported net on the consolidated statements of activities and changes in net assets. Cottage rental revenue and owner cottage rental commissions are recognized when the rentals take place. Cottage rental revenue net of owner cottage rental commissions was:

	Year Ended March 31,	
	2026	2025
Cottage rentals revenue	\$ 1,093,865	\$ 1,194,698
Owner cottage rentals commissions	(736,554)	(787,418)
Cottage rental revenue, net	<u>\$ 357,311</u>	<u>\$ 407,280</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Realty Commissions: Realty provides real estate sale services inside the Association's gates and in the surrounding areas under a brokerage services and commission agreement (Brokerage Agreement) with an unrelated real estate brokerage company (Company). The Brokerage Agreement has an initial term of five years expiring in April 2026 with an automatic renewal for an additional five years. Under the Brokerage Agreement, the Company provides management and administrative services for Realty's real estate sale services. The Company pays Realty 20% of the gross sales commission the Company receives for agents that work out of the Company's Lakeside office for any sale of property located within the Lakeside community.

Memorial Garden - Burial Fees

Burial fee revenue is recognized as revenue when the ashes of the deceased are placed in Memorial Garden. The performance obligation is satisfied upon satisfaction of the service requirements. Burial fees received prior to year end for services not yet performed are reported as deferred revenue on the consolidated statements of financial position.

Contributions and Bequests

The Association recognizes contributions and bequests in the period in which cash, securities, pledge or grant (unconditional promises to give), or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized as contributions until the conditions on which they depend are met.

Deferred Revenue

Deferred revenue represents various deposits received from hotel guests and cottage rentals received in advance of their stay. Deferred revenue also represents burial placement fees received in advance of placing the remains of loved ones in the Memorial Garden. Deferred revenue as of March 31, 2026, 2025, and 2024 was \$2,155,962, \$2,141,664, and \$1,230,509, respectively.

Advertising

Advertising costs are charged to expense in the period the advertising first takes place. Advertising expense was \$135,458 and \$116,856 for the years ended March 31, 2026 and 2025, respectively.

Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses attributed to more than one program or supporting function. Expenses identified with a specific program or supporting function are recorded directly according to their natural expense classification. Certain expenses relate to more than one function and require allocation on a reasonable basis consistently applied. These expenses are allocated based on an analysis by management of employee time spent within each functional area.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Materials

The Association receives volunteer services and materials not reportable under accounting principles generally accepted in the United States of America. A substantial number of unpaid volunteers have donated a significant amount of time to the Association's program and fundraising efforts. However, these services are not reflected in the consolidated financial statements because they have not met standards required by accounting principles generally accepted in the United States of America.

Collections

The primary focus of the collection is to maintain, exhibit, interpret, and engage visitors with works of art. Collections acquired either through purchase or donations are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with unrestricted assets and as decreases in net assets with donor restrictions if purchased with donor-restricted funds. Contributions of collection items are not recognized in the consolidated statements of activities.

Proceeds from deaccessions or insurance recoveries are reflected on the consolidated statements of activities and changes in net assets based on the absence or existence and nature of donor-imposed restrictions.

The Association collection items approved for deaccession may be gifted, traded, or sold to another nonprofit organization, discarded, partially discarded, or auctioned. Proceeds from the sale of deaccessioned objects or collections may be used for the expenses incurred in conservation and preservation, re-housing collections, storage, security, collections management, exhibit upgrades and the enhancement of the presentation of interior and exterior of the complex; including signs, authentic interior and exterior details and the creation of a better visitor experience. During the years ended March 31, 2026 and 2025, the Association did not deaccession of any collections for proceeds.

Subsequent Events

Subsequent events have been evaluated through July 15, 2026 which is the date the consolidated financial statements were available to be issued.

NOTE B - LIQUIDITY AND AVAILABILITY

The Association regularly monitors the availability of resources required to meet its operating needs while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing programs and support services to be general expenditures. At March 31, 2026 and 2025, the Association also has access to a line of credit, making \$500,000 available for immediate cash needs within one year, see Note D for further details.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE B - LIQUIDITY AND AVAILABILITY (CONTINUED)

While Association investments, as further described in Note A, are classified as long-term in the accompanying consolidated statements of financial position, the Association investments are without donor restrictions and/or board designations and could be readily liquidated without significant penalty to fund operating cash flow needs.

The Association's board has designated a portion of its resources without donor restriction as a board designated endowment fund. These funds are invested for long-term appreciation and current income but remain available and may be spent for general expenditures at the discretion of the board.

The following table shows financial assets available for general expenditures within one year:

	March 31,	
	2026	2025
Cash and cash equivalents	\$ 4,139,115	\$ 4,260,625
Accounts receivable, net	714,714	549,312
Endowment spending rate distributions and appropriations over the next 12 months	459,882	408,968
Association investments	763,037	716,594
Financial assets available to meet the cash needs for general expenditures within one year	<u>\$ 6,076,748</u>	<u>\$ 5,935,499</u>

NOTE C - FAIR VALUE MEASUREMENTS

Fair value is defined as the price the Association would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. There is a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Association's financial instruments.

The inputs are summarized in the three broad levels listed below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets accessible at the measurement date for identical unrestricted assets or liabilities (for example, exchange quoted prices).

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 - Inputs to the valuation methodology are observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets not sufficiently active to qualify as Level 1, other observable inputs, or inputs corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs to the valuation methodology are significant to the fair value measurement and unobservable (for example, supported by little or no market activity).

Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. The Association's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The Association's investments are all valued based on level 1 inputs. The Association's investments accounted at fair value are summarized below:

	March 31,	
	2026	2025
Money market funds	\$ 665,727	\$ 778,820
Equity mutual funds	10,696,363	8,947,163
Fixed income mutual funds	2,435,666	2,793,927
Total	<u>\$ 13,797,756</u>	<u>\$ 12,519,910</u>

The following is a description of the valuation methodologies used to measure the investments at fair value as of March 31, 2026 and 2025. There have been no changes in the methodologies used as of March 31, 2026 and 2025.

Money market funds, equity mutual funds, and fixed income mutual funds are valued at per share value of shares held by the Association at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement as of the reporting date.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE D - LINE OF CREDIT

The Association has an unsecured demand line of credit with a bank with maximum borrowings of \$500,000 at the prime interest rate (6.75% at March 31, 2026). At March 31, 2026 and 2025, the Association had borrowings outstanding of \$-0-. The line of credit renews on an annual basis.

NOTE E - NOTES PAYABLE

Notes payable consist of the following term notes payable:

Maturity Date	Interest Rate	Secured By:	March 31,	
			2026	2025
12/2028	6.80%	real property - the Smith Building	\$ 46,267	\$ 61,039
01/2034	5.00%	real property - on Walnut Street	145,362	160,057
		real property - at the Memorial Garden and Lakeside		
12/2029	4.24%	Chautauqua Park	76,111	94,296
06/2027	6.25%	real property - on Poplar Street	109,420	119,161
12/2027	6.25%	real property - on East 6th Street	300,344	325,153
07/2031	4.50%	real property - on Poplar Street	166,477	193,233
01/2026	5.49%	specific vehicle	-	8,036
			843,981	960,975
		Current portion	(114,656)	(117,352)
		Long-term portion of notes payable	\$ 729,325	\$ 843,623

Future maturities of notes payable are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2027	\$ 114,656
2028	454,461
2029	81,245
2030	65,890
2031	63,950
Thereafter	63,779
	<u>\$ 843,981</u>

Interest expense was \$50,843 and \$60,444 during the years ended March 31, 2026 and 2025, respectively.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE F - SPLIT INTEREST AGREEMENTS

The Association is the beneficiary of several charitable gift annuities. The assets were recorded at fair value at the date of initial recognition. At March 31, 2026 and 2025, total assets of \$334,519 and \$298,510, respectively, were held by the Association, which are included in investments on the consolidated statements of financial position.

Under the terms of the trust agreements, designated beneficiaries receive regular payments from the trust assets for the beneficiaries remaining lives. Upon death of the beneficiaries, the assets are to be retained for the Association's unrestricted use. At March 31, 2026 and 2025, liabilities of \$12,200 and \$12,945, respectively were recognized as obligations under annuity agreements. The liabilities represent the present value of the expected beneficiary payments calculated based on the estimated life of the beneficiaries and a discount rate. The discount rate used to calculate the present value was 5%.

NOTE G - NET ASSETS WITH DONOR RESTRICTION

Net assets were restricted by donors for the following purposes:

	March 31,	
	2026	2025
Development fund		
Building and grounds	\$ 647,025	\$ 102,612
Programming	275,752	268,227
Hoover Auditorium	1,645,075	1,634,836
Lakefront project	90,061	86,061
Accommodations	139,870	77,476
Other	37,307	63,122
Orchestra Hall	33,107	206,204
Total development fund	2,868,197	2,438,538
Fiduciary fund: charitable gift annuities, net	322,319	285,565
Endowment funds	9,460,765	8,519,713
Total net assets with donor restriction	<u>\$ 12,651,281</u>	<u>\$ 11,243,816</u>

NOTE H - ENDOWMENT

The Association's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors, in accordance with the gift acceptance policy of the Foundation's Board of Directors, to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE H - ENDOWMENT (CONTINUED)

The Association has interpreted the Unified Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Ohio, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as donor restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) the Association's investment policies.

Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for endowment assets to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Association must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to produce above average investment yield while assuming a moderate level of investment risk. The Association expects its endowment assets over time to provide an average long-term rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association uses a diversified asset allocation placing a greater emphasis on equity-based investments and a total return strategy in which investment returns are achieved through both capital appreciation and current return.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy of appropriating for expenditure each year 4% of the endowment assets average fair value at the end of the three years preceding the year in which the appropriation is planned. In establishing this policy, the Association considered the long-term expected rate of return on its endowment assets. Accordingly, over the long term, the Association expects the current spending policy to allow the endowment to grow an average 4% annually. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE H - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of March 31, 2026:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 3,133,494	\$ -	\$ 3,133,494
Regulatory-restricted endowment funds	105,941	-	105,941
Donor restricted			
Original donor-restricted gift	-	5,680,546	5,680,546
Accumulated investment gains	-	3,780,219	3,780,219
Total	<u>\$ 3,239,435</u>	<u>\$ 9,460,765</u>	<u>\$12,700,200</u>

Changes in endowment net assets for the year ended March 31, 2026:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 2,985,093	\$ 8,519,713	\$11,504,806
Investment return, net	351,852	1,037,583	1,389,435
Contributions	-	209,556	209,556
Burial fees	5,100	-	5,100
Appropriation	(102,610)	(306,087)	(408,697)
Endowment net assets, end of year	<u>\$ 3,239,435</u>	<u>\$ 9,460,765</u>	<u>\$12,700,200</u>

Endowment net asset composition by type of fund as of March 31, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 2,888,379	\$ -	\$ 2,888,379
Regulatory-restricted endowment funds	96,714	-	96,714
Donor restricted			
Original donor-restricted gift	-	5,470,990	5,470,990
Accumulated investment gains	-	3,048,723	3,048,723
Total	<u>\$ 2,985,093</u>	<u>\$ 8,519,713</u>	<u>\$11,504,806</u>

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE H - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended March 31, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 2,958,914	\$ 7,614,857	\$10,573,771
Investment return, net	120,718	325,216	445,934
Contributions	-	864,033	864,033
Burial Fees	6,900	-	6,900
Appropriation	(101,439)	(284,393)	(385,832)
Endowment net assets, end of year	<u>\$ 2,985,093</u>	<u>\$ 8,519,713</u>	<u>\$11,504,806</u>

NOTE I - REGULATORY RESTRICTED – PERPETUAL CARE ENDOWMENT

Memorial Garden is considered a cemetery under Ohio state laws. Ohio state cemetery and funeral laws (Laws) mandate cemetery owners establish an endowment care trust fund, segregated from other assets, and initially deposit \$50,000 in the fund. Laws mandate cemeteries further designate a certain percentage of burial site sales to this fund. The Association established a policy of allocating 10% of cash receipts from placement fees will be designated into the endowment care trust for perpetual care and maintenance. The balance in this endowed fund at March 31, 2026 and 2025 was \$105,941 and \$96,714, respectively.

NOTE J - EMPLOYEE BENEFIT PLANS

The Association maintains the Lakeside Association 401(k) Plan (the 401(k) Plan) for the benefit of its employees. Employees become vested in the plan after one year of service. Under the 401(k) Plan, the Association contributes one dollar for every two dollars contributed to the 401(k) Plan by the employee up to a maximum of 4% of the employee's gross salary. The Association contributed \$57,005 and \$66,317, respectively, to the 401(k) Plan during the years ended March 31, 2026 and 2025. Under the 401(k) Plan, the Association also contributes a percentage of eligible employees' annual compensation. The contribution percentage is at the discretion of the Board of Directors and is determined annually. The Association contributed \$85,476 and \$84,447, respectively, under the plan during the years ended March 31, 2026 and 2025.

NOTE K - RENTAL INCOME UNDER OPERATING LEASES

The Association determines if an arrangement is or contains a lease at inception. The Association reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE K - RENTAL INCOME UNDER OPERATING LEASES (CONTINUED)

The Association leases building space to various tenants under non-cancelable operating lease agreements with lease terms exceeding one year expiring on various dates through December 2032, some of the leases provide renewals options for up to 7 years for the lessees under amended terms. Total commercial rental income of \$242,977 and \$232,504 for the years ended March 31, 2026 and 2025, respectively. Minimum future rentals from non-cancelable operating leases are as follows:

<u>Years Ending March 31,</u>	<u>Amount</u>
2027	\$ 82,870
2028	81,099
2029	48,260
2030	45,390
2031	31,448
Thereafter	51,313
	<u>\$ 340,380</u>

NOTE L - INCOME TAXES

The Lakeside Association and the Lakeside Chautauqua Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association and Foundation have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a)(2) of the Internal Revenue Code.

Lakeside Chautauqua Realty, LLC and The Memorial Garden at Chautauqua Park LLC are wholly own subsidiaries of The Lakeside Association and are treated as disregarded entities for federal income tax purposes. Accordingly, their activities are reported on the federal income tax returns of The Lakeside Association. To the extent those activities generate income that is not substantially related to The Lakeside Association's tax-exempt purposes, the income is subject to unrelated business income tax. The Association records a provision for income taxes based on taxable unrelated business income.

Income tax expense for the years ended March 31, 2026 and 2025 was \$34,607 and \$-0-. The Association did not identify any material unrecognized tax benefits upon evaluation of tax positions taken and therefore, there was no material effect on the Association's financial condition or results of operations upon adoption. The Association evaluates at each balance sheet date uncertain tax positions taken, if any, to determine the need to record liabilities for taxes, penalties, and interest. The Association's policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of March 31, 2026 and 2025, the Association had no accrued taxes, interest or penalties related to uncertain tax positions. The Association estimates the unrecognized tax benefit will not change significantly within the next twelve months.

THE LAKESIDE ASSOCIATION AND AFFILIATES

Notes to Consolidated Financial Statements Years Ended March 31, 2026 and 2025

NOTE M - CONTINGENCIES

From time to time, the Association is involved in litigation arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the consolidated financial position or results of operations of the Association.

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

The Board of Directors
The Lakeside Association and Affiliates

We have audited the consolidated financial statements of The Lakeside Association and Affiliates as of and for the year ended March 31, 2026, and our report thereon dated July 15, 2026, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 28 - 30 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position and changes in net assets of the individual entities. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Barnes Wendling CPAs

Sandusky, Ohio
July 15, 2026

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidating Statement of Financial Position March 31, 2026

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 7,772,047	\$ 535,685	\$ 134,363	\$ -	\$ -	\$ 8,442,095
Accounts receivable, net	964,444	-	-	-	(249,730)	714,714
Prepaid expenses and other assets	335,304	22,413	-	-	-	357,717
TOTAL CURRENT ASSETS	9,071,795	558,098	134,363	-	(249,730)	9,514,526
Property and Equipment						
Land and land improvements	12,310,297	102,855	518,786	-	-	12,931,938
Buildings and fixed equipment	19,644,948	172,660	-	-	-	19,817,608
Equipment	5,066,393	-	-	-	-	5,066,393
	37,021,638	275,515	518,786	-	-	37,815,939
Accumulated depreciation	(23,600,440)	(93,505)	(313,831)	-	-	(24,007,776)
	13,421,198	182,010	204,955	-	-	13,808,163
Construction in progress	2,682,780	-	-	-	-	2,682,780
	16,103,978	182,010	204,955	-	-	16,490,943
Other Assets						
Investments	763,037	-	113,670	12,921,049	-	13,797,756
Investment in Subsidiary	524,809	-	-	-	(524,809)	-
	1,287,846	-	113,670	12,921,049	(524,809)	13,797,756
TOTAL ASSETS	\$ 26,463,619	\$ 740,108	\$ 452,988	\$ 12,921,049	\$ (774,539)	\$ 39,803,225

See Independent Auditors' Report on Supplementary Information

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidating Statement of Financial Position (Continued) March 31, 2026

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$ 382,400	\$ 94,334	\$ 163,475	\$ -	\$ (249,730)	\$ 390,479
Accrued salaries and wages	221,597	5,115	-	-	-	226,712
Deferred revenue	1,548,892	442,070	165,000	-	-	2,155,962
Current portion of notes payable	98,833	15,823	-	-	-	114,656
Current portion of obligations under annuity agreements	-	-	-	2,717	-	2,717
TOTAL CURRENT LIABILITIES	2,251,722	557,342	328,475	2,717	(249,730)	2,890,526
Long-Term Liabilities						
Notes payable, less current portion	698,880	30,445	-	-	-	729,325
Obligations under annuity agreements, less current portion	-	-	-	9,483	-	9,483
	<u>698,880</u>	<u>30,445</u>	<u>-</u>	<u>9,483</u>	<u>-</u>	<u>738,808</u>
TOTAL LIABILITIES	2,950,602	587,787	328,475	12,200	(249,730)	3,629,334
Net Assets						
Without donor restriction						
Undesignated	3,903,772	16,579	(194,112)	-	(524,809)	3,201,430
Investment in property and equipment	15,306,265	135,742	204,955	-	-	15,646,962
Designated by the Board for historic preservation	215,855	-	-	-	-	215,855
Designated by the Board for endowment	-	-	-	3,133,494	-	3,133,494
Designated by the Board for the streets and drainage improvement project	1,218,928	-	-	-	-	1,218,928
Regulatory-restricted endowment funds	-	-	105,941	-	-	105,941
	<u>20,644,820</u>	<u>152,321</u>	<u>116,784</u>	<u>3,133,494</u>	<u>(524,809)</u>	<u>23,522,610</u>
With donor restriction						
Development fund	2,868,197	-	-	-	-	2,868,197
Fiduciary fund	-	-	-	322,319	-	322,319
Endowment funds	-	-	7,729	9,453,036	-	9,460,765
	<u>2,868,197</u>	<u>-</u>	<u>7,729</u>	<u>9,775,355</u>	<u>-</u>	<u>12,651,281</u>
TOTAL NET ASSETS	23,513,017	152,321	124,513	12,908,849	(524,809)	36,173,891
TOTAL LIABILITIES AND NET ASSETS	\$ 26,463,619	\$ 740,108	\$ 452,988	\$ 12,921,049	\$ (774,539)	\$ 39,803,225

See Independent Auditors' Report on Supplementary Information

THE LAKESIDE ASSOCIATION AND AFFILIATES

Consolidating Statement of Activities and Changes in Net Assets Year Ended March 31, 2026

	The Lakeside Association	Lakeside Chautauqua Realty, LLC	The Memorial Garden at Chautauqua Park LLC	The Lakeside Chautauqua Foundation	Eliminations	Consolidated
REVENUE AND OTHER SUPPORT						
Program revenue						
Chautauqua	\$ 11,133,600	\$ -	\$ -	\$ -	\$ -	\$ 11,133,600
Realty, net	-	453,020	-	-	-	453,020
Memorial Garden - burial fees	-	-	19,000	-	-	19,000
	<u>11,133,600</u>	<u>453,020</u>	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>11,605,620</u>
Support						
Contributions and bequests	2,072,930	-	-	209,556	-	2,282,486
Investment income, net	276,093	-	4,036	1,423,720	-	1,703,849
Change in annuity agreements, net	-	-	-	(1,972)	-	(1,972)
	<u>2,349,023</u>	<u>-</u>	<u>4,036</u>	<u>1,631,304</u>	<u>-</u>	<u>3,984,363</u>
Total revenue and support	<u>13,482,623</u>	<u>453,020</u>	<u>23,036</u>	<u>1,631,304</u>	<u>-</u>	<u>15,589,983</u>
Endowment appropriation	408,697	-	-	(408,697)	-	-
Total revenue and other support	<u>13,891,320</u>	<u>453,020</u>	<u>23,036</u>	<u>1,222,607</u>	<u>-</u>	<u>15,589,983</u>
EXPENSES						
Salaries and wages	4,255,209	224,580	37,646	-	-	4,517,435
Payroll taxes	363,291	8,603	-	-	-	371,894
Employee benefits	594,165	19,599	-	-	-	613,764
Program contracts	1,458,022	-	-	-	-	1,458,022
Supplies	438,349	1,678	672	-	-	440,699
Depreciation and amortization	995,458	5,755	29,174	-	-	1,030,387
Utilities, telephone, and rubbish removal	668,123	747	2,234	-	-	671,104
Maintenance and repairs	558,714	97,857	11,792	-	-	668,363
Advertising and publications	135,458	-	-	-	-	135,458
Travel and auto	132,775	-	-	-	-	132,775
Food service and lodging	347,879	-	-	-	-	347,879
Professional fees	352,039	7,655	295	-	-	359,989
Bank charges	324,908	60,752	212	-	-	385,872
Insurance	454,833	-	1,023	-	-	455,856
Taxes	226,859	39,341	2,950	-	-	269,150
Lease payments	195,955	1,434	-	-	-	197,389
Promotional	552,440	-	-	-	-	552,440
Interest expense	47,092	3,751	-	-	-	50,843
Miscellaneous	268,660	12,239	2,685	-	-	283,584
Total expenses	<u>12,370,229</u>	<u>483,991</u>	<u>88,683</u>	<u>-</u>	<u>-</u>	<u>12,942,903</u>
OTHER CHANGES IN NET ASSETS						
Gain on disposal of property and equipment	371,212	-	-	-	-	371,212
Total other changes in net assets	<u>371,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>371,212</u>
Changes in net assets	1,892,303	(30,971)	(65,647)	1,222,607	-	3,018,292
Net assets, beginning of year	21,620,714	183,292	190,160	11,686,242	(524,809)	33,155,599
NET ASSETS, end of year	<u>\$ 23,513,017</u>	<u>\$ 152,321</u>	<u>\$ 124,513</u>	<u>\$ 12,908,849</u>	<u>\$ (524,809)</u>	<u>\$ 36,173,891</u>

See Independent Auditors' Report on Supplementary Information