

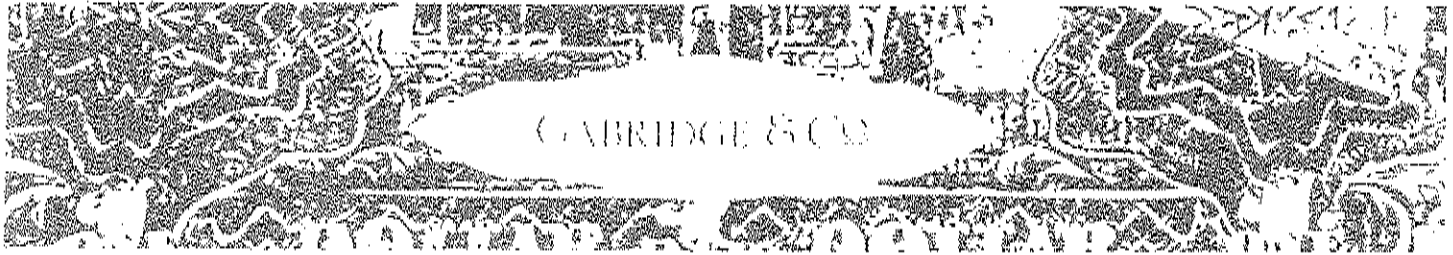


LAKE LEELANAU LAKE ASSOCIATION
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

GABRIDGE & CO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lake Leelanau Lake Association

Report on the Financial Statements

We have audited the accompanying financial statements of Lake Leelanau Lake Association (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Leelanau Lake Association as of June 30, 2019, and the changes in

its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Lake Leelanau Lake Association adopted the new nonprofit reporting standards as required by FASB Accounting Standard Update No. 2016-14. Our opinion is not modified with respect to this matter.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, Michigan
January 9, 2020

Lake Leelanau Lake Association
Statement of Financial Position
As of June 30, 2019

ASSETS	
Cash	\$ 96,224
Dues Receivable	1,075
Other Receivable	5,311
<i>Total Assets</i>	<u>\$ 102,610</u>
LIABILITIES AND NET ASSETS	
Accounts Payable	\$ 7,258
<i>Total Liabilities</i>	<u>7,258</u>
NET ASSETS	
Without Donor Restrictions	92,908
With Donor Restrictions	2,444
<i>Total Net Assets</i>	<u>95,352</u>
Total Liabilities and Net Assets	<u>\$ 102,610</u>

Lake Leelanau Lake Association
Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues			
Membership Dues	\$ 30,717	\$ -	\$ 30,717
Contributions	2,290	6,320	8,610
Fundraising	577	11,975	12,552
Interest Income	945	-	945
<i>Total Operating Revenues</i>	<u>34,529</u>	<u>18,295</u>	<u>52,824</u>
Expenses			
Program Services	9,495	24,892	34,387
Management and General	15,340	649	15,989
Fundraising	6,618	9,373	15,991
<i>Total Expenses</i>	<u>31,453</u>	<u>34,914</u>	<u>66,367</u>
<i>Change In Net Assets</i>	3,076	(16,619)	(13,543)
<i>Net Assets at Beginning of Period</i>	63,050	45,845	108,895
<i>Prior Period Adj</i>	26,782	(26,782)	-
<i>Net Assets at End of Period</i>	<u>\$ 92,908</u>	<u>\$ 2,444</u>	<u>\$ 95,352</u>

**Lake Leelanau Lake Association
Statement of Cash Flows
For the Year Ended June 30, 2019**

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 67,150
Cash Payments to Suppliers for Goods and Services	(63,095)
Total Cash Flows Provided by Operating Activities	<u>4,055</u>
Cash Flows from Investing Activities	
Interest on Investments	945
Total Cash Flows Provided by Investing Activities	<u>945</u>
Net Increase in Cash and Equivalents	5,000
<i>Cash and Equivalents - Beginning of Year</i>	<u>91,224</u>
Cash and Equivalents - End of Year	<u>\$ 96,224</u>
Reconciliation of Operating Loss to	
Net Cash Provided by Operating Activities	
Operating Loss	\$ (13,543)
Adjustments to Reconcile Operating Income to Net Cash	(945)
Provided by Operating Activities	
Changes in Assets & Liabilities	
Accounts Receivable	15,271
Accounts Payable	3,272
Net Cash Provided by Operating Activities	<u>\$ 4,055</u>

NOTES TO THE FINANCIAL STATEMENTS

Lake Leelanau Lake Association

Notes to the Financial Statements

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Lake Leelanau Lake Association (the "Association") is a Michigan non-profit corporation licensed to do business in the State of Michigan. The Association serves the riparian members of the Association located in Leelanau County, Michigan, and was incorporated on November 24, 1981.

Financial Statement Presentation

In August 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and a number of additional disclosure requirements. This guidance was effective for the Association on January 1, 2018, and was applied retrospectively. Total net assets did not change as a result of this new standard, however, the balances and activities within temporarily restricted net assets and permanently restricted net assets in previous years are reported as net assets with donor restrictions as of and for the year ending June 30, 2019.

The Association had net assets with donor restrictions associated with Swimmer's Itch, Fish Day, and Water Quality programs of \$2,444 at June 30, 2019.

Cash

Cash consists of demand deposits in banks, certificates of deposit, and cash on hand. The Association maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management believes that the Association is not exposed to any significant interest rate or other risk on these deposits.

Receivables

Receivables consist of association dues and reimbursements outstanding at year-end, net of allowances for doubtful accounts. As of year-end, management believes that all outstanding receivables are collectable.

Net Asset Classifications

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor imposed restrictions. Donor-

Lake Leelanau Lake Association

Notes to the Financial Statements

imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

Income Taxes

The association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

2. LIQUIDITY AND AVAILABILITY

The financial assets as of June 30, 2019, which are available for general expenses within one year of the statement of financial position date, comprise the following:

Cash	\$ 96,224
Add:	
Dues Receivable	1,075
Other Receivable	5,311
	<u>\$ 102,610</u>

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

3. CASH

The bank accounts are located at Chemical Bank containing a total bank balance of \$104,069 and a carrying amount of \$96,224. The full bank balance of \$104,069 is covered by FDIC insurance.

4. RISK MANAGEMENT

The Association relies on commercial insurance for risk management.

Lake Leelanau Lake Association

Notes to the Financial Statements

5. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other supporting activities have been summarized on the functional basis below. Accordingly, certain costs have been allocated among programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

	Program			
	<u>Services</u>	<u>General</u>	<u>Fundraising</u>	<u>Total</u>
Member and Board Activities	\$ -	\$ 3,880	\$ -	\$ 3,880
Newsletter	-	-	4,248	4,248
Insurance	-	1,641	-	1,641
Lobby Fees	-	5,000	-	5,000
Office Supplies	-	630	-	630
Professional Fees	-	1,800	-	1,800
Water Safety & Quality	9,496	-	-	9,496
Fish Day	-	-	9,373	9,373
Swimmer's Itch	24,891	-	-	24,891
Street Fair	-	-	1,241	1,241
Marketing and Public Relations	-	-	1,129	1,129
Miscellaneous	-	3,038	-	3,038
Total Functional Expenses	\$ 34,387	\$ 15,989	\$ 15,991	\$ 66,367

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events as of January 9, 2020. Management believes there are no subsequent events that would have a significant impact on the financial condition of the Association.

7. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other supporting activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among programs and the supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>
Swimmer's Itch	Benefits Received