



**LAKE LEELANAU LAKE ASSOCIATION
SIX MONTHS FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019**

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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 December 31, 2019, and the related statements of activities and cash flows for the six month 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 December 31, 2019, and the

changes in its net assets and its cash flows for the six months 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.

As discussed in Note 8 to the financial statements, Lake Leelanau Lake Association adopted a new reporting period. The new calendar reporting will have a December year end, beginning with this report. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, Michigan
May 15, 2020

**Lake Leelanau Lake Association
Statement of Financial Position
As of December 31, 2019**

ASSETS	
Cash	\$ 146,544
<i>Total Assets</i>	<u>\$ 146,544</u>
LIABILITIES AND NET ASSETS	
Accounts Payable	\$ 3,658
<i>Total Liabilities</i>	<u>3,658</u>
NET ASSETS	
Without Donor Restrictions	92,798
With Donor Restrictions	50,088
<i>Total Net Assets</i>	<u>142,886</u>
Total Liabilities and Net Assets	<u>\$ 146,544</u>

Lake Leelanau Lake Association
Statement of Activities
For the Six Months Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains and Other Support			
Membership Dues	\$ 26,511	\$ -	\$ 26,511
Contributions	19,015	58,417	77,432
Fundraising	161	1	162
Interest Income	696	-	696
<i>Total Revenues, Gains and Other Support</i>	<u>46,383</u>	<u>58,418</u>	<u>104,801</u>
Expenses			
Program Services	37,926	10,689	48,615
Management and General	6,385	-	6,385
Fundraising	2,182	85	2,267
<i>Total Expenses</i>	<u>46,493</u>	<u>10,774</u>	<u>57,267</u>
<i>Change In Net Assets</i>	(110)	47,644	47,534
<i>Net Assets at Beginning of Period</i>	92,908	2,444	95,352
<i>Net Assets at End of Period</i>	<u>\$ 92,798</u>	<u>\$ 50,088</u>	<u>\$ 142,886</u>

Lake Leelanau Lake Association
Statement of Cash Flows
For the Six Months Ended December 31, 2019

Cash Flows from Operating Activities	
Cash Received from donors and dues	\$ 110,491
Cash Payments to Suppliers for Goods and Services	(60,867)
<i>Total Cash Flows Provided by Operating Activities</i>	<u>49,624</u>
Cash Flows from Investing Activities	
Interest on Investments	696
<i>Total Cash Flows Provided by Investing Activities</i>	<u>696</u>
Net Increase in Cash and Equivalents	50,320
<i>Cash and Equivalents - Beginning of Year</i>	96,224
Cash and Equivalents - End of Year	<u>\$ 146,544</u>
Reconciliation of Operating Loss to	
Net Cash Provided by Operating Activities	
Change in Net Assets	\$ 47,534
Adjustments to Reconcile change in Net Assets to Net Cash Provided by Operating Activities	(696)
Changes in Assets & Liabilities	
Accounts Receivable	6,386
Accounts Payable	(3,600)
Net Cash Provided by Operating Activities	<u>\$ 49,624</u>

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.

Basis of Accounting and 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 six months ending December 31, 2019.

The Association had net assets with donor restrictions associated with Fish Day and Eurasian Water Milfoil programs of \$50,088 at December 31, 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-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

Lake Leelanau Lake Association

Notes to the Financial Statements

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 December 31, 2019, which are available for general expenses within one year of the statement of financial position date, comprise the following:

Cash	\$ 146,544
Add:	
Dues Recievable	-
Other Recievable	-
	<u>\$ 146,544</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 \$132,740 and a carrying amount of \$146,544. The full bank balance of \$132,740 is covered by FDIC insurance.

Lake Leelanau Lake Association

Notes to the Financial Statements

4. RISK MANAGEMENT

The Association relies on commercial insurance for risk management.

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:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Member and Board Activities	\$ -	\$ 4,098	\$ -	\$ 4,098
Newsletter	-	-	2,182	2,182
Insurance	-	1,428	-	1,428
Office Supplies	-	839	-	839
Water Safety & Quality	22,979	-	-	22,979
Fish Day	-	-	85	85
Swimmer's Itch	25,636	-	-	25,636
Miscellaneous	-	20	-	20
<i>Total Functional Expenses</i>	<u>\$ 48,615</u>	<u>\$ 6,385</u>	<u>\$ 2,267</u>	<u>\$ 57,267</u>

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events as of May 15, 2020. Management believes there are no subsequent events that would have a significant impact on the financial condition of the Association.

The association may be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant disruptions through mandated and voluntary closings and stay at home orders. Management is in the process of determining if this outbreak will have a significant financial impact on the association's financial statements.

7. CHANGE IN ACCOUNTING PERIOD

Management has elected to change the fiscal year to a calendar year end. This creates a short year filing ending December 31, 2019. The next full reporting period will end December 31, 2020.

May 15, 2020

To the Board of Directors of
Lake Leelanau Lake Association
Leland, MI

We have audited the financial statements of Lake Leelanau Lake Association (the "Association") for the six months ended December 31, 2019 and have issued our report thereon dated May 15, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 1 to the financial statements. As discussed in Note 1 to the financial statements, the Association adopted the new nonprofit reporting standards as required by FASB Accounting Standard Update No. 2016-14. A significant change in the accounting policy was adopted during December 31, 2019. Management has elected to change to a calendar year for financial reporting. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 15, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

This information is intended solely for the use of Board of Directors and management of the Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI