

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

| | |
|-----------------------------------|----------------|
| Cash and Cash Equivalents | \$ 118,069 |
| Prepaid Expense | 2,687 |
| Assessment and Charges Receivable | <u>6,994</u> |
| Total Current Assets | <u>127,750</u> |

FIXED ASSETS

| | |
|---------------------------------|------------------|
| Land | 217,732 |
| Buildings and Land Improvements | 498,542 |
| Equipment | 69,048 |
| Furniture and Fixtures | 10,972 |
| Vehicles | 17,500 |
| Less Accumulated Depreciation | <u>(327,151)</u> |
| Total Property and Equipment | <u>486,643</u> |

TOTAL ASSETS

\$ 614,393

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|---------------------------|--------------|
| Current Liabilities | |
| Accounts Payables | \$ 77 |
| Payroll Liabilities | <u>1,997</u> |
| Total Current Liabilities | 2,074 |

NET ASSETS

| | |
|---------------------------|----------------|
| Unrestricted Operating | <u>612,319</u> |
|---------------------------|----------------|

TOTAL LIABILITIES AND NET ASSETS

\$ 614,393

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

UNRESTRICTED SUPPORT AND REVENUE

| | |
|--------------------------------|------------|
| Lot Assessments | \$ 154,177 |
| Interest and Investment Income | 962 |
| Campstore | 5,137 |
| Fundraisers and Donations | 5,723 |
| Boat Income | 1,775 |
| Cabin Rentals | 25,710 |
| Campground Fees | 19,185 |
| Ecology | 15,195 |
| Common Area User Fees | 2,816 |
| Future Planning | 1,399 |
| Docking Fees | 10,700 |
| Storage Fees | 1,150 |
| Other Income | 1,544 |

Total Unrestricted Support and Revenue 245,473

UNRESTRICTED EXPENSES

| | |
|------------------------|---------|
| Program Services | 283,660 |
| Supporting Services | |
| Management and General | 2,628 |
| Fund Raising | 13 |

Total Unrestricted Expenses 286,301

Increase (Decrease) in Unrestricted Net Assets (40,828)

NET ASSETS - Beginning of Year 653,147

NET ASSETS - End of Year \$ 612,319

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

| | Supporting Service | | | Total |
|--------------------------------|-----------------------|----------------|-----------------|------------|
| | Program Services | And General | Fund Raising | |
| Maintenance, Repairs and Other | \$ 13,235 | \$ 0 | \$ 0 | \$ 13,235 |
| Office | 20,777 | 1,564 | 0 | 22,341 |
| Common Area | 121,571 | 0 | 0 | 121,571 |
| Boat | 236 | 0 | 0 | 236 |
| Cabin | 5,253 | 0 | 0 | 5,253 |
| Campground | 6,172 | 0 | 0 | 6,172 |
| Ecology | 995 | 0 | 0 | 995 |
| Future Planning | 1,075 | 0 | 0 | 1,075 |
| Pontoon Island | 3,585 | 0 | 0 | 3,585 |
| Special Events | 0 | 0 | 13 | 13 |
| Volunteer | 360 | 0 | 0 | 360 |
| Salaries and Wages | 72,198 | 0 | 0 | 72,198 |
| Insurance | 9,572 | 1,064 | 0 | 10,636 |
| Depreciation | 21,117 | 0 | 0 | 21,117 |
| Bad Debt Expense | 4,776 | 0 | 0 | 4,776 |
| Taxes | 2,452 | 0 | 0 | 2,452 |
| Miscellaneous | 286 | 0 | 0 | 286 |
| | \$ 283,660 | \$ 2,628 | \$ 13 | \$ 286,301 |

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|-------------------------------------------------------------------------------------------------------|-------------|
| Change in Net Assets | \$ (40,828) |
| Adjustments to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities: | |
| Depreciation | 21,117 |
| Donated Equipment | (1,866) |
| (Increase) Decrease in Operating Assets: | |
| Prepaid Expenditures | (683) |
| Assessment and Charges Receivable | 4,476 |
| Increase (Decrease) in Operating Liabilities: | |
| Accounts Payable | (933) |
| Payroll Liabilities | (77) |
| | <hr/> |
| Net Cash (Used) Provided by Operating Activities | (18,794) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|------------------------------------------------------|----------------|
| Payments for Fixed Assets | <hr/> (40,612) |
| Net Cash (Used) Provided by Investing Activities | <hr/> (40,612) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (59,406) |

BEGINNING CASH AND CASH EQUIVALENTS

177,475

ENDING CASH AND CASH EQUIVALENTS

\$ 118,069

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Entity

Lake of the Pines Association, Inc. was incorporated on December 19, 1970, as a landowners association organized as a Michigan Non-Profit Corporation for purposes of maintaining and preserving common property of the Organization.

Accounting Method

The financial statements have been prepared on the accrual basis in conformity with accounting principles applicable to nonprofit organizations except as otherwise disclosed.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are required to be reported as temporarily restricted support are reclassified to unrestricted net assets upon expiration of the restriction.

Conditional promises to give are not recorded until the satisfaction of the condition has been accomplished.

Net Assets

The net assets of the Organization are segregated into three different categories using definitions as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions. These assets may be subject to specific board designations. This category also includes assets subject to donor-imposed restrictions that have been met during the year and have become unrestricted.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met by actions of the Organization and/or the passage of time. Items that affect this net asset category are restricted contributions and grants. Assets specifically designated are included in this category. The Organization currently has no temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that may be maintained in perpetuity. The Organization currently has no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use to be cash equivalents.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Fixed Assets

Fixed assets are stated at cost, if purchased, or at fair market value at the date of gift, if donated. Renewals, repairs, and maintenance that do not materially add to the value of property nor prolong its life are charged to expenses. Depreciation is computed using the straight-line method. The estimated useful lives of the depreciable assets are; buildings and land improvements 15-39 years, equipment, furniture, fixtures and vehicles 5-15 years.

Income Taxes

Lake of the Pines Association, Inc. is a non-profit corporation and is exempt from federal income tax under Section 501 (c)(4) of the Internal Revenue Code. The Organization is not considered to be a private foundation and is exempt from federal income taxes. However, the Internal Revenue Code may subject an organization to tax on unrelated business taxable income. It is management's opinion that the Organization had no unrelated business taxable income activity during the year ended December 31, 2016. The federal income tax returns of the corporation for the years ended 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed. In addition, if penalties and interest are assessed by income taxing authorities, they are included in operating expenses.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Concentration of Credit Risk Due to Temporary Cash Investments and Accounts Receivable

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of temporary cash investments. The Organization places its temporary cash investments with financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, all of the Organization's bank balances of \$117,960 were insured.

The Organization grants credit to its members. Financial instruments that potentially subject the Organization to credit risk also include accounts receivable. Accounts receivable derived from annual lot assessments are not secured.

NOTE 2 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among the program and supporting services benefited.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 3 – CONTRIBUTED ASSETS

Contributed assets consist of land and buildings donated to the Organization at inception. The following estimates of fair market value at the time the donated items were received are included in the land and building balances as follows:

| | |
|---------------------------------|-------------------|
| Land | \$ 200,000 |
| Buildings and Land Improvements | <u>86,800</u> |
| Total | <u>\$ 286,800</u> |

NOTE 4 – FIXED ASSETS

As of December 31, 2016, fixed assets consisted of the following:

| | Fixed Assets Carrying Value | Accumulated Depreciation | Fixed Assets Net of Accumulated Depreciation |
|---------------------------------|-----------------------------------|-----------------------------|-------------------------------------------------------|
| Land | \$ 217,732 | \$ 0 | \$ 217,732 |
| Buildings and Land Improvements | 498,542 | 275,517 | 223,025 |
| Equipment | 69,048 | 31,548 | 37,500 |
| Furniture and Fixtures | 10,972 | 2,586 | 8,386 |
| Vehicles | 17,500 | 17,500 | 0 |
| Total | <u>\$ 813,794</u> | <u>\$ 327,151</u> | <u>\$ 486,643</u> |

NOTE 5 – DONATED MATERIALS AND SERVICES

Donated Materials

Donated materials used within the Organization are recorded at their fair market value when received, if the material has an objective, clearly measurable basis for the value. If the nature of the material is such that valuations cannot be substantiated, the contribution is not recorded.

Donated Services

Donated services are recorded when:

- (1) The services are a normal part of the program.
- (2) The Organization exercised control over the duties of the donors of the services.
- (3) There is a measurable basis of valuing the service.
- (4) The services would normally have to be purchased if not donated.