

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 175,357
Prepaid Expense	2,546
Assessment and Charges Receivable	<u>8,522</u>
Total Current Assets	<u>186,425</u>

FIXED ASSETS

Land	217,732
Buildings and Land Improvements	516,371
Equipment	74,080
Furniture and Fixtures	10,972
Vehicles	17,500
Less Accumulated Depreciation	<u>(348,887)</u>
Total Fixed Assets	<u>487,768</u>

TOTAL ASSETS \$ 674,193

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities	
Accounts Payables	\$ 174
Payroll Liabilities	<u>1,948</u>
Total Current Liabilities	2,122

NET ASSETS

Unrestricted 672,071

TOTAL LIABILITIES AND NET ASSETS \$ 674,193

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

UNRESTRICTED SUPPORT AND REVENUE

Lot Assessments	\$ 154,185
Interest and Investment Income	539
Campstore	4,387
Fundraisers and Donations	4,885
Boat Income	2,112
Cabin Rentals	26,240
Campground Fees	19,254
Ecology	29,272
Common Area User Fees	3,152
Future Planning	2,061
Docking Fees	10,900
Storage Fees	1,150
Other Income	8,057

Total Unrestricted Support and Revenue 266,194

UNRESTRICTED EXPENSES

Program Services	203,972
Supporting Services	2,470
Management and General	0
Fund Raising	0

Total Unrestricted Expenses 206,442

Increase (Decrease) in Unrestricted Net Assets 59,752

NET ASSETS - Beginning of Year 612,319

NET ASSETS - End of Year \$ 672,071

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Supporting Service			Total
	Program Services	Management And General	Fund Raising	
Maintenance, Repairs and Other	\$ 9,670	\$ 0	\$ 0	\$ 9,670
Office	14,205	1,069	0	15,274
Common Area	34,590	0	0	34,590
Boat	124	0	0	124
Cabin	10,351	0	0	10,351
Campground	7,936	0	0	7,936
Ecology	1,976	0	0	1,976
Future Planning	1,986	0	0	1,986
Pontoon Island	3,317	0	0	3,317
Volunteer	473	0	0	473
Salaries and Wages	76,822	0	0	76,822
Insurance	12,606	1,401	0	14,007
Depreciation	21,737	0	0	21,737
Bad Debt Expense	5,675	0	0	5,675
Taxes	2,504	0	0	2,504
	<u>\$ 203,972</u>	<u>\$ 2,470</u>	<u>\$ 0</u>	<u>\$ 206,442</u>

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 59,752
Adjustments to Reconcile Change in Net Assets to Net Cash	
(Used) Provided by Operating Activities:	
Depreciation	21,737
(Increase) Decrease in Operating Assets:	
Prepaid Expenditures	141
Assessment and Charges Receivable	(1,528)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	97
Payroll Liabilities	(49)
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Net Cash (Used) Provided by Operating Activities	80,150

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Fixed Assets	(22,862)
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Net Increase/(Decrease) in Cash and Cash Equivalents	57,288

BEGINNING CASH AND CASH EQUIVALENTS

118,069

ENDING CASH AND CASH EQUIVALENTS

\$ 175,357

See accompanying notes and Accountant's Compilation Report.

LAKE OF THE PINES ASSOCIATION, INC.
LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

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, 2017

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, 2017. The federal income tax returns of the corporation for the years ended 2014, 2015, and 2016 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, 2017, all of the Organization's bank balances of \$175,013 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, 2017

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	86,800
	86,800
Total	\$ 286,800

NOTE 4 – FIXED ASSETS

As of December 31, 2017, 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	516,371	290,788	225,583
Equipment	74,080	37,125	36,955
Furniture and Fixtures	10,972	3,474	7,498
Vehicles	17,500	17,500	0
	\$ 836,655	\$ 348,887	\$ 487,768
Total	\$ 836,655	\$ 348,887	\$ 487,768

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.