

**PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN**

**FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2024  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023**



**SCHULZE, OSWALD, MILLER & EDWARDS PC  
CERTIFIED PUBLIC ACCOUNTANTS  
989-354-8707**

PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
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FOR FISCAL YEAR ENDED MARCH 31, 2024

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Presque Isle Harbor Association  
Presque Isle, Michigan

### **Opinion**

We have audited the accompanying financial statements of Presque Isle Harbor Association (a nonprofit organization), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presque Isle Harbor Association as of March 31, 2024, and the changes in its net assets and its cash flows for the then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Presque Isle Harbor Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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 financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Presque Isle Harbor 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Presque Isle Harbor Association's ability to continue as a going concern for the reasonable period of time.

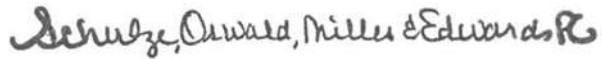
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Activities and Changes in Net Assets by Function and Schedule of Property, Plant and Equipment are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit for the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited Presque Isle Harbor Association's March 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schulze, Oswald, Miller & Edwards PC  
Alpena, Michigan  
May 3, 2024

**PRESQUE ISLE HARBOR ASSOCIATION**  
**PRESQUE ISLE, MICHIGAN**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2024**

(WITH COMPARATIVE TOTALS FOR MARCH 31, 2023)

	2024	2023
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 861,041	\$ 711,693
Membership dues assessments receivable (less allowance for doubtful accounts of \$190,000 in 2023 and \$225,000 in 2024)	331,750	342,236
Prepaid Expenses	-	-
Accounts Receivable-Other	-	-
<b>Total Current Assets</b>	<b>1,192,791</b>	<b>1,053,929</b>
Fixed Assets		
Land	309,500	309,500
Land Improvements	245,643	245,642
Buildings	1,336,370	1,336,370
Vehicles, furnishings and other equipment	308,340	268,544
Construction in progress	128,124	18,469
Capitalized loan costs	-	-
<b>Total Fixed Assets</b>	<b>2,327,977</b>	<b>2,178,525</b>
Less: Accumulated Depreciation/Amortization	(1,289,798)	(1,241,741)
<b>Net Fixed Assets</b>	<b>1,038,179</b>	<b>936,784</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,230,970</b>	<b>\$ 1,990,713</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts Payable	\$ -	\$ -
Accrued liabilities	5,300	24,579
Deferred revenue	302,187	332,241
Unspent insurance proceeds	156,826	215,962
<b>Total Current Liabilities</b>	<b>464,313</b>	<b>572,782</b>
Net Assets		
Without Donor Restriction		
Undesignated	1,579,147	1,227,431
Designated by Board	181,000	181,000
Designated for Association Committees	6,510	9,500
<b>Total Net Assets</b>	<b>1,766,657</b>	<b>1,417,931</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 2,230,970</b>	<b>\$ 1,990,713</b>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**PRESQUE ISLE HARBOR ASSOCIATION**  
**PRESQUE ISLE, MICHIGAN**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED MARCH 31, 2023)

	<b>WITHOUT DONOR RESTRICTION</b>	
	<b>YEAR ENDED MARCH 31</b>	
	<b>2024</b>	<b>2023</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Membership Dues Assessments	\$ 784,733	\$ 760,427
Late Charges	3,734	5,412
Camping and Storage Fees	97,933	98,971
Association Committees	384	2,897
Clothing, Other Product Sales and Rentals	9,699	19,140
Interest Income	22,024	3,976
Gain/(Loss) on Disposal of Assets	-	(1,655)
All Other	115,221	3,459
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,033,728</b>	<b>892,627</b>
<b>FUNCTIONAL EXPENSES</b>		
Program Services	596,349	632,577
Supporting Services	89,302	124,514
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>685,651</b>	<b>757,091</b>
<b>CHANGE IN NET ASSETS</b>	<b>348,077</b>	<b>135,536</b>
<b>NET ASSETS - Beginning of Year</b>	<b>1,418,580</b>	<b>1,282,395</b>
<b>NET ASSETS - End of Year</b>	<b>\$ 1,766,657</b>	<b>\$ 1,417,931</b>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
STATEMENTS OF CASH FLOWS  
FOR YEARS ENDED MARCH 31, 2024 AND 2023

	YEAR ENDED MARCH 31	
	2024	2023
<b>OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 348,077	\$ 135,536
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	48,057	47,255
Changes in Operating Assets and Liabilities:		
Membership Dues Assessments Receivable	10,486	(62,032)
Accounts Payable	-	(21,633)
Accrued Liabilities	(18,630)	13,998
Prepaid Expenses	-	-
Other Receivables	-	-
Loss on disposal of scrapped items	-	1,655
Unspent insurance proceeds	(59,136)	215,962
Deferred Income	(30,054)	(27,850)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	<b>298,800</b>	<b>302,891</b>
<b>INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	-	-
Purchase of Fixed Assets	(149,452)	(107,226)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(149,452)</b>	<b>(107,226)</b>
<b>FINANCING ACTIVITIES</b>		
Payments of Long Term Debt Principal	-	(98,155)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>(98,155)</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>149,348</b>	<b>97,510</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>711,693</b>	<b>614,183</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 861,041</b>	<b>\$ 711,693</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ -	\$ 375
Income Taxes Paid	\$ 3,715	\$ 649

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR YEAR ENDED MARCH 31, 2024**

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023

	YEAR ENDED MARCH 31,				
	2024			2023	
	GENERAL OPERATIONS	CAMPERS VILLAGE	TOTAL	TOTAL	NET CHANGE
<b>PROGRAM SERVICES</b>					
Salaries and Wages	\$ 241,618	\$ 30,851	\$ 272,469	\$ 297,660	\$ 25,191
Payroll Taxes	21,619	3,231	24,850	33,885	9,035
Health Insurance & Medical					
Reimbursement	49,113	7,339	56,452	54,850	(1,602)
Worker's Compensation	1,176	176	1,352	2,259	907
Pension Plan	5,832	872	6,704	7,623	919
Repairs and Maintenance	32,294	29,060	61,354	63,933	2,579
Utilities	62,310	11,152	73,462	51,420	(22,042)
Operating Supplies	46,046	3,683	49,729	43,158	(6,571)
Association Committees	3,554	-	3,554	4,822	1,268
Clothing and Other					
Product Purchases	4,784	1,101	5,885	15,014	9,129
Collection Expense	-	-	-	296	296
Interest Expense	-	-	-	375	375
Depreciation	34,312	3,845	38,157	37,278	(879)
Other	1,704	677	2,381	20,004	17,623
<b>Total Program Services</b>	<b>504,362</b>	<b>91,987</b>	<b>596,349</b>	<b>632,577</b>	<b>36,228</b>
<b>SUPPORTING SERVICES</b>					
General Insurance	17,958	373	18,331	13,824	(4,507)
Professional Fees/Consulting	13,550	-	13,550	9,650	(3,900)
Office Supplies and Postage	2,104	-	2,104	4,240	2,136
Unrelated business income tax	3,715	-	3,715	649	(3,066)
Election Expense	2,821	-	2,821	2,000	(821)
Telephone	5,985	1,329	7,314	6,966	(348)
Vehicle Expense	10,752	-	10,752	14,996	4,244
Travel Expense	4,117	-	4,117	2,223	(1,894)
Depreciation	9,900	-	9,900	9,977	77
IT Expense	9,616	4,892	14,508	26,289	-
Bad Debt Expense	486	-	486	26,481	25,995
Advertising/Website	1,704	-	1,704	7,219	5,515
Less: 10% Allocated to					
Campers Village	(8,930)	8,930	-	-	-
<b>Total Supporting Services</b>	<b>73,778</b>	<b>15,524</b>	<b>89,302</b>	<b>124,514</b>	<b>(16,752)</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 578,140</b>	<b>\$ 107,511</b>	<b>\$ 685,651</b>	<b>\$ 757,091</b>	<b>\$ 19,476</b>

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024  
WITH COMPARATIVE TOTALS FROM MARCH 31, 2023

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**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Presque Isle Harbor Association (the Association) is a nonprofit corporation governed by an independent board consisting of nine members. The purpose of the Association is to provide social and recreational services to individuals who own property within an area designated as the Presque Isle Harbor Association.

**Accounting Method**

Assets, liabilities, revenue and expenses are recognized on the accrual basis of accounting.

**Net Assets**

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

**Net Assets with Donor Restrictions** - The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**Net Assets without Donor Restrictions** - The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

**Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Association considers checking, savings, money market accounts, and certificates of deposit to be cash and cash equivalents.

**Financial Instruments**

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash and cash equivalents. These deposits were with two financial institutions and the bank balances were fully insured by the FDIC.

**Functional Expenses**

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

**Donated Services**

Many individuals volunteer their time and perform a variety of tasks that help the Association carry out its mission. No amounts have been reflected in the financial statements for the value of these services because they do not meet the criteria for recognition under FASB ASC 958-10.

PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024  
WITH COMPARATIVE TOTALS FROM MARCH 31, 2023

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**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions**

The Association has adopted FASB ASC 958-10 related to contributions. Contributions received are recorded as net assets, with or without donor restrictions, depending upon the existence or nature of any donor restrictions. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts reflects the best estimate of probable losses in the Association's membership dues assessments receivable determined on the basis of historical experience, specific allowances for known troubled accounts and other currently available evidence. The allowance for doubtful accounts was estimated to be \$225,000 and \$190,000 as of March 31, 2024 and 2023, respectively.

**Fixed Assets**

Land and buildings owned on April 1, 1975, are recorded at the values set forth in the American Central corporation transfer document. Furnishings and the equipment on hand as of April 1, 1975, are recorded at their estimated value as of that date. Fixed assets acquired subsequent to April 1, 1975, are recorded at cost.

Land improvements, buildings, vehicles, furnishings, and other equipment are depreciated over their useful lives by the straight-line method.

The Association considers capital asset purchases to be those assets in excess of \$1,000 and with useful lives of more than one year.

Expenditures for maintenance and repairs are expensed as incurred and betterments are capitalized.

**Deferred Revenue**

Deferred revenue consists principally of membership dues assessments applicable to the next fiscal year, which were received by the Association prior to the fiscal year end of March 31.

Deferred revenue as of March 31, 2024 and 2023 was \$302,187 and \$332,241, respectively.

Additionally, the Association is reporting \$156,826 of unspent insurance proceeds from a hailstorm occurring the summer of 2022. The needed building repairs have been scheduled into the 2024-2025 fiscal year.

**NOTE 2 - LONG TERM DEBT**

The Association has \$0 in long-term debt as of March 31, 2024 and 2023.

**NOTE 3 - INCOME TAXES**

The Association is an organization exempt from income tax on membership income under Section 501(c)(7) of the Internal Revenue Code, but is subject to income tax on unrelated business income, including interest income. This tax amounted to \$3,715 for the year ended March 31, 2024 and \$649 for the year ended March 31, 2023.

**PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024  
WITH COMPARATIVE TOTALS FROM MARCH 31, 2023**

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**NOTE 3 - INCOME TAXES (continued)**

The Association files an annual form 990 and 990T as required by the Internal Revenue Service.

**NOTE 4 - PENSION PLAN**

During the year ended March 31, 1996, the Association established a simplified employee pension plan (SEP) for all eligible employees. The plan requires no minimum annual contribution and is nondiscriminatory in nature. During the years ended March 31, 2024 and March 31, 2023, the Association contributed \$6,704 and \$7,623, respectively.

**NOTE 5 - COMPARATIVE DATA**

The fiscal year ended March 31, 2023 total columns are presented for comparative purposes.

**NOTE 6 - CONCENTRATION OF CREDIT RISK**

The carrying amount of the Association's cash accounts was \$859,809 and \$711,693 as of March 31, 2024 and 2023; respectively, and the bank balance was \$810,694 and \$711,733; respectively. The organization believes the overall strength of the financial institutions minimizes their risk to an acceptable level. \$810,694 of the bank balance was covered by federal depository insurance (FDIC) at March 31, 2024, leaving \$0 uninsured.

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Association's deposits may not be recoverable. As of March 31, 2024, \$0 of the Association's bank balance of \$810,694 was exposed to custodial credit risk because of being uninsured and uncollateralized.

**PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024**

WITH COMPARATIVE TOTALS FROM MARCH 31, 2023

**NOTE 7 - FIXED ASSETS**

The fixed asset activity of the Association is as follows:

<b>FIXED ASSETS</b>	<b>APRIL 1, 2023</b>	<b>ADDITIONS</b>	<b>DELETIONS</b>	<b>MARCH 31, 2024</b>
Land	\$ 309,500	\$ -	\$ -	\$ 309,500
Construction in progress	18,468	109,656	-	128,124
Land Improvements	245,642	-	-	245,642
Buildings	1,336,370	13,945	-	1,350,315
Vehicles, Furnishings & Other Equipment	268,544	25,852	-	294,396
Capitalized Loan Costs	-	-	-	-
	<u>\$ 2,178,524</u>	<u>\$ 149,453</u>	<u>\$ -</u>	<u>\$ 2,327,977</u>
<b>ALLOWANCES FOR DEPRECIATION/AMORTIZATION</b>				
Land	\$ -	\$ -	\$ -	\$ -
Land Improvements	140,832	3,291	-	144,123
Buildings	874,995	34,865	-	909,860
Vehicles, Furnishings & Other Equipment	225,915	9,900	-	235,815
Capitalized Loan Costs	-	-	-	-
	<u>1,241,742</u>	<u>48,056</u>	<u>-</u>	<u>1,289,798</u>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION</b>	<u>\$ 936,782</u>	<u>\$ 101,397</u>	<u>\$ -</u>	<u>\$ 1,038,179</u>

Total depreciation/amortization expense for the years ended March 31, 2024 and 2023 was \$48,056 and \$47,255 respectively.

**NOTE 8 - ACCOUNTS PAYABLE/ACCRUED LIABILITIES**

Accounts payable totaling \$0 and \$0 as of March 31, 2024 and 2023 respectively.

The accrued liabilities totaling \$5,300 and \$24,579 as of March 31, 2024 and 2023; respectively, consists of accrued wages, associated payroll taxes and income taxes related to unrelated business income on the Form 990.

**NOTE 9 - ACCOUNTS RECEIVABLE-OTHER**

Amounts due from campers for electricity totaled \$0 and \$0 as of March 31, 2024 and 2023 as it was deemed immaterial for reporting purposes.

**NOTE 10 - NET ASSET ALLOCATIONS**

Net Assets Designated by Board totaling \$181,000 and \$181,000 as of March 31, 2024 and 2023 respectively, consists of amounts the board of directors has allocated for capital expenditures.

**PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2024  
WITH COMPARATIVE TOTALS FROM MARCH 31, 2023**

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**NOTE 10 – NET ASSET ALLOCATIONS (continued)**

Net Assets Designated for Association Committees totaling \$6,510 and \$9,500 as of March 31, 2024 and 2023 respectively, consists of amounts designated for committees in the association that include Security, Activities and Clubhouse.

**NOTE 11 - RISK MANAGEMENT**

The Association is exposed to various risks of loss related to property loss, employee injuries, as well as medical and worker's compensation benefits provided to employees. The Association has purchased commercial insurance for property, personal liability, umbrella coverage, worker's compensation and medical benefits claims. Settled claims for commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**NOTE 12 - LIQUIDITY AND AVAILABILITY**

The Association could receive contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Association receives support without donor restrictions; such support has historically represented some of the annual program funding needs. Income from memberships dues assessments are unrestricted and used for general expenditures as they are received.

The Association manages its cash available to meet general expenditures following three guiding principles:

1. Operating with a prudent range of financial soundness and stability.
2. Maintaining adequate liquid assets, and
3. Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Association.

The table below presents financial assets available for general expenditures within one year.

Financial Assets at Year End:	<u>March 31, 2024</u>	<u>March 31, 2023</u>
Cash and Cash Equivalents	\$ 859,809	\$ 711,693
Accounts Receivable	331,750	342,236
	<u>1,191,559</u>	<u>1,053,929</u>
Net Working Capital		
Less: Amount with Donor Restrictions	<u>-</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,191,559</u>	<u>\$ 1,053,929</u>

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 3, 2024, the date on which the financial statements were available to be issued.

PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
SUPPLEMENTAL INFORMATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - BY FUNCTION  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023)

	YEAR ENDED MARCH 31			
	2024			2023
	GENERAL OPERATIONS	CAMPER VILLAGE	TOTAL	TOTAL
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Membership Dues Assessments	\$ 784,733	\$ -	\$ 784,733	\$ 760,427
Late Charges	3,734	-	3,734	5,412
Camping and Storage Fees	-	97,933	97,933	98,971
Association Committees	384	-	384	2,897
Clothing, Other Product Sales and Rentals	9,699	-	9,699	19,140
Interest Income	22,024	-	22,024	3,976
Gain on Disposal of Assets	-	-	-	(1,655)
All Other	115,221	-	115,221	3,459
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>935,795</b>	<b>97,933</b>	<b>1,033,728</b>	<b>892,627</b>
<b>FUNCTIONAL EXPENSES</b>				
Program Services	504,362	91,987	596,349	632,577
Supporting Services	73,778	15,524	89,302	124,514
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>578,140</b>	<b>107,511</b>	<b>685,651</b>	<b>757,091</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 357,655</b>	<b>\$ (9,578)</b>	<b>\$ 348,077</b>	<b>\$ 135,536</b>
<b>Net Assets - Beginning of Year</b>			<b>1,418,580</b>	<b>1,282,395</b>
<b>Net Assets - End of Year</b>			<b>\$ 1,766,657</b>	<b>\$ 1,417,931</b>

SEE NOTES TO THE FINANCIAL STATEMENTS.

PRESQUE ISLE HARBOR ASSOCIATION  
PRESQUE ISLE, MICHIGAN  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT  
FOR YEARS ENDED MARCH 31, 2024 AND 2023

	APRIL 1, 2023	ADDITIONS	DELETIONS	MARCH 31, 2024
<b>FIXED ASSETS</b>				
<b>Fixed Assets not being depreciated</b>				
Land	\$ 309,500	\$ -	\$ -	\$ 309,500
Construction in progress	18,468	109,656	-	128,124
<b>Fixed Assets being depreciated</b>				
Land improvements	245,642	-	-	245,642
<b>Buildings</b>				
Clubhouse	1,126,856	7,942	-	1,134,798
North Bay Beach House	52,590	-	-	52,590
Grand Lake Beach House	32,455	4,464	-	36,919
<b>Campers Village</b>				
Bathhouse	48,709	-	-	48,709
Pavilion	14,000	-	-	14,000
Other Buildings	12,852	1,539	-	14,391
Maintenance Buildings	48,908	-	-	48,908
<b>Total Buildings</b>	<u>1,336,370</u>	<u>123,601</u>	<u>-</u>	<u>1,350,315</u>
<b>Vehicles, furnishings &amp; other equipment</b>				
Vehicles, Furnishings & other equipment	268,544	25,852	-	294,396
<b>Total Vehicles, furnishings &amp; other equipment</b>	<u>268,544</u>	<u>25,852</u>	<u>-</u>	<u>294,396</u>
Capitalized loan costs	-	-	-	-
	<u>\$ 2,178,524</u>	<u>\$ 149,453</u>	<u>\$ -</u>	<u>\$ 2,327,977</u>
<b>ALLOWANCE FOR DEPRECIATION</b>	<u>\$ 1,241,741</u>	<u>\$ 48,057</u>	<u>\$ -</u>	<u>\$ 1,289,798</u>
<b>FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<u>\$ 936,783</u>	<u>\$ 101,396</u>	<u>\$ -</u>	<u>\$ 1,038,179</u>

SEE NOTES TO THE FINANCIAL STATEMENTS.



**COMMUNICATION OF SIGNIFICANT DEFICIENCIES  
AND MATERIAL WEAKNESSES**

To the Board of Directors of  
Presque Isle Harbor Association  
Presque Isle, Michigan

In planning and performing our audit of the financial statements of Presque Isle Harbor Association, (the Association) as of and for the year ended March 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered Presque Isle Harbor Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in Presque Isle Harbor Association's internal control to be material weaknesses:

**SEGREGATION OF DUTIES**

- ❖ The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions, and subsequent control of assets. The small size of the administrative staff precludes a complete separation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course of business.

Again, the cost-benefit relationship has been considered by the Association. **Presque Isle Harbor Association** understands the limitations of the internal control due to this lack of segregation of duties and believes it makes financial sense for an organization of this size. (Repeat comment).

**MATERIAL AUDIT ADJUSTMENTS**

- ❖ Some account balances required audit adjustments to be considered fairly stated. Some of these audit adjustments are considered to be material to the financial statements. As a part of the auditing process, material audit adjustments were identified and proposed to management. Professional auditing standards require that such situations be communicated as a material weakness in internal control over financial reporting.

**A significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Presque Isle Harbor Association's internal control to be significant deficiencies:

## FINANCIAL REPORTING

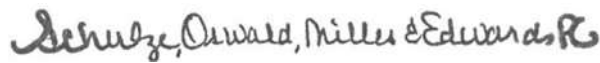
- ❖ Preparing financial statements in accordance with generally accepted accounting principles (GAAP), is the responsibility of the Association's management. The preparation of financial statements in accordance with GAAP requires internal controls over recording, processing, and summarizing accounting data (i.e., maintaining internal books and records).

As is the case with many small not-for-profits, the Association has historically relied on its independent external auditors to assist in the preparation of the financial statements and footnotes as part of its external financial reporting process. Accordingly, the Association's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot, by definition, be considered a part of the Association's internal controls.

This condition was caused by the Association's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Association to perform this task internally. The Association has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

As a result of this condition, the Association lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task. (Repeat comment).

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

  
Schulze, Oswald, Miller & Edwards, PC  
Alpena, Michigan  
May 3, 2024



**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
AT THE CONCLUSION OF THE AUDIT**

May 3, 2024

Board of Directors  
Presque Isle Harbor Association  
Presque Isle, Michigan

We have audited the financial statements of **Presque Isle Harbor Association** for the year ended March 31, 2024, and we will issue our report thereon dated **May 3, 2024**. 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 April 24, 2024. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Presque Isle Harbor Association** are described in Note 1 to the financial statements. No new accounting pronouncements were adopted in the current fiscal year. We noted no transactions entered into by **Presque Isle Harbor 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 most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future. We evaluated the key factors and assumptions used to develop the useful lives of depreciable capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for doubtful accounts is based on the length of time it is believed that membership dues will take to be collected. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

Management's estimate of the allowance for doubtful accounts is based on historical collections.

The financial statement disclosures in the financial statements 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 disagreement on 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 4, 2024.

### **Management's 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 relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

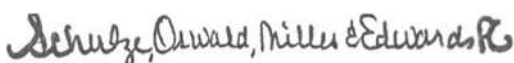
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

### **Other Matters**

With respect to the supplemental information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not change from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for use of the Board of Directors of **Presque Isle Harbor Association**, Management, and others within the Association and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Schulze, Oswald, Miller & Edwards PC  
Alpena, Michigan