PRESQUE ISLE HARBOR ASSOCIATION
PRESQUE ISLE, MICHIGAN

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2026
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2025

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

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PRESQUE ISLE, MICHIGAN
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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, 2026, 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, 2026, 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 directedly 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, 2025, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 8, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schulze, Oswald, Miller & Edwards PC

Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan
May 5, 2026

PRESQUE ISLE HARBOR ASSOCIATION
PRESQUE ISLE, MICHIGAN
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2026
(WITH COMPARATIVE TOTALS FOR MARCH 31, 2025)

	2026	2025
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 1,754,627	$ 1,216,692
Investments	223,746	344
Membership Dues Assessments Receivable (less allowance for doubtful accounts of $225,000 in 2025 and $225,000 in 2026)	244,503	333,841
Accounts Receivable-Other (Note 9)	6,671	3,237
Total Current Assets	2,229,547	1,554,114
Fixed Assets		
Land	309,500	309,500
Land Improvements	245,643	245,643
Buildings	1,613,624	1,473,682
Vehicles, Furnishings and Other Equipment	372,340	314,147
Construction in Progress	100,055	8,087
Total Fixed Assets	2,641,162	2,351,059
Less: Accumulated Depreciation/Amortization	(1,376,539)	(1,319,110)
Net Fixed Assets (Note 7)	1,264,623	1,031,949
TOTAL ASSETS	$ 3,494,170	$ 2,586,063
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable (Note 8)	$ 4,043	$ 7,583
Accrued Liabilities (Note 8)	3,527	1,475
Taxes Payable	939	1,518
Deferred Membership Dues (Note 1)	307,773	347,804
Deferred Special Assessments (Note 1)	364,298	-
Deferred Revenue - Other	55,304	-
Unspent Insurance Proceeds (Note 1)	110,356	131,826
Total Current Liabilities	846,240	490,206
Net Assets		
Without Donor Restriction		
Undesignated	1,465,136	1,017,457
Designated by Board-Working Capital Reserve (Note 10)	250,000	250,000
Designated by Board-Long Term Capital Outlays (Note 10)	50,000	25,000
Designated by Board-Pool (Note 10)	880,000	800,000
Designated for Association Committees (Note 10)	2,794	3,400
Total Net Assets	2,647,930	2,095,857
TOTAL LIABILITIES & NET ASSETS	$ 3,494,170	$ 2,586,063

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
FOR THE YEAR ENDED MARCH 31, 2026
(WITH COMPARATIVE TOTALS FOR YEAR ENDED MARCH 31, 2025)

	WITHOUT DONOR RESTRICTION	
	YEAR ENDED MARCH 31	
	2026	2025
REVENUES, GAINS AND OTHER SUPPORT		
Membership Dues Assessments	$ 849,854	$ 819,064
Late Charges	31,015	15,607
Camping and Storage Fees	112,618	113,944
Association Committees	362	386
Clothing, Other Product Sales and Rentals	17,016	8,106
Interest Income	35,117	29,659
Insurance Proceeds	198,458	-
Realized Market Gains/(Losses)	(252)	-
Gain/(Loss) on Disposal of Assets	1,299	(6,878)
All Other	9,365	8,131
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,254,852	988,019
FUNCTIONAL EXPENSES		
Program Services	556,352	547,942
Supporting Services	146,427	157,432
TOTAL FUNCTIONAL EXPENSES	702,779	705,374
CHANGE IN NET ASSETS	552,073	282,645
NET ASSETS - Beginning of Year	2,095,857	1,766,657
Prior period adjustment - See Note 16	-	46,555
NET ASSETS - End of Year	$ 2,647,930	$ 2,095,857

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, 2026 & 2025

	YEAR ENDED MARCH 31	
	2026	2025
OPERATING ACTIVITIES		
Change in Net Assets	$ 552,073	$ 282,645
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	65,936	48,746
Changes in Operating Assets and Liabilities:		
Membership Dues Assessments Receivable	89,338	(2,091)
Accounts Payable	(3,540)	7,583
Accrued Liabilities	1,473	(2,307)
Prior period adjustment (See Note 16)	-	46,555
Other Receivables	(3,434)	(3,237)
Unspent insurance proceeds	(21,470)	(25,000)
Deferred Income	379,571	45,617
NET CASH PROVIDED BY OPERATING ACTIVITIES:	1,059,947	398,511
INVESTING ACTIVITIES		
Market loss on investments	-	-
Fidelity Government Money Market Purchase	(218,952)	
(Gain) Loss on Disposal	(1,299)	6,877
Purchase of Fixed Assets	(301,761)	(49,393)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(522,012)	(42,516)
FINANCING ACTIVITIES		
	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	537,935	355,995
CASH AND CASH EQUIVALENTS - Beginning of Year	1,216,692	860,697
CASH AND CASH EQUIVALENTS - End of Year	$ 1,754,627	$ 1,216,692
SUPPLEMENTAL DISCLOSURES		
Interest Paid	$ -	$ -
Income Taxes Paid	$ 9,576	$ 6,018

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, 2026
WITH COMPARATVIE TOTALS FOR THE YEAR ENDED MARCH 31, 2025

	YEAR ENDED MARCH 31,				
	2026			2025	
	GENERAL OPERATIONS	CAMPERS VILLAGE	TOTAL	TOTAL	NET CHANGE
PROGRAM SERVICES					
Salaries and Wages	$ 311,562	$ 20,214	$ 331,776	$ 299,104	$ (32,672)
Payroll Taxes	25,685	1,600	27,285	25,496	(1,789)
Health Insurance & Medical Reimbursement	-	-	-	11,423	11,423
Worker's Compensation	1,574	235	1,809	4,161	2,352
Retirement Contributions	3,665	548	4,213	5,332	1,119
Repairs and Maintenance	20,655	10,342	30,997	46,970	15,973
Utilities	41,336	17,066	58,402	64,267	5,865
Operating Supplies	10,461	2,577	13,038	29,544	16,506
Association Committees	1,034	-	1,034	1,595	561
Clothing and Other Product Purchases	4,897	-	4,897	5,863	966
Collection Expense	6,896	-	6,896	704	(6,192)
Depreciation	65,936	-	65,936	38,769	(27,167)
Other	8,200	1,869	10,069	14,714	4,645
Total Program Services	501,901	54,451	556,352	547,942	(8,410)
SUPPORTING SERVICES					
General Insurance	27,054	-	27,054	19,914	(7,140)
Professional Fees/Consulting	15,413	-	15,413	15,027	(386)
Office Supplies and Postage	3,762	-	3,762	2,994	(768)
Unrelated Business Income Tax	9,576	-	9,576	6,018	(3,558)
Election/Proxy Voting Expense	7,341	-	7,341	793	(6,548)
Telephone	4,795	1,576	6,371	7,723	1,352
Vehicle Expense	12,578	-	12,578	19,277	6,699
Travel Expense	1,638	-	1,638	4,056	2,418
Depreciation	-	-	-	9,977	9,977
IT Expense	16,597	-	16,597	20,069	3,472
Bad Debt Expense	32,527	-	32,527	50,638	18,111
Credit Card Service Charges	11,105	-	11,105	-	(11,105)
Advertising/Website	2,465	-	2,465	946	(1,519)
Less: 10% Allocated to Campers Village	(14,643)	14,643	-	-	-
Total Supporting Services	130,208	16,219	146,427	157,432	(16,752)
TOTAL FUNCTIONAL EXPENSES	$ 632,109	$ 70,670	$ 702,779	$ 705,374	$ (25,162)

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

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 Investments

The Association considers checking, savings, money market accounts, and certificates of deposit to be cash and cash equivalents. The Association maintains a Fidelity Government Money Market Fund (SPAXX) a low-risk, taxable money market mutual fund. It invests in primarily US government securities and is not FDIC insured, but is covered by Securities Investor Protection Corporation.

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 three financial institutions, and the bank balances were partially insured by the FDIC. See Note 6 for further information.

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.

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

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.

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 $225,000 as of March 31, 2026 and 2025, 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 expended 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 membership dues as of March 31, 2026 and 2025 were $307,773 and $347,804, respectively.

During the fiscal year ended March 31, 2026, the Association approved a special assessment for a new pool and fitness center. The total special assessment was $1,647,360 with $364,298 being collected prior to March 31, 2026, and thereby being reported as deferred special assessments.

The Association reports deferred revenue of $55,304, which represents unearned revenue received in advance of the season for camping, seasonal storage, and beach house rentals.

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

Additionally, the Association is reporting $110,356 and $131,826 of unspent insurance proceeds as of March 31, 2026, and 2025, respectively, from a hailstorm occurring the summer of 2022. The needed building repairs are ongoing, with additional insurance proceeds of $198,458 being received during the fiscal year ended March 31, 2026.

NOTE 2 - LONG TERM DEBT

The Association has $0 in long-term debt as of March 31, 2026, and 2025.

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 $9,576 for the year ended March 31, 2026, and $6,018 for the year ended March 31, 2025. The Association files an annual form 990 and 990T as required by the Internal Revenue Service.

NOTE 4 - RETIREMENT CONTRIBUTIONS

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 year ended March 31, 2025, the Association contributed $5,332.

For the year ended March 31, 2026, the Association has accrued $4,213 in retirement contributions, but has not yet selected a new plan as of the date of this report.

NOTE 5 - COMPARATIVE DATA

The fiscal year ended March 31, 2025 total columns are presented for comparative purposes.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The carrying amount, or book value, of the Association's cash accounts was $1,754,627 and $1,216,692 as of March 31, 2026, and 2025; respectively, and the bank balance was $1,453,972 and $1,165,474, which represents the actual balance held at the financial institutions as of March 31, 2026, and 2025. The difference between the carrying balance and bank balance are outstanding checks the Association had at year end. The Association believes the overall strength of the financial institutions minimizes their risk to an acceptable level. $1,091,743 of the bank balance was covered by federal depository insurance (FDIC) as of March 31, 2026, leaving $362,229 uninsured. $818,079 of the bank balance was covered by federal depository insurance (FDIC) as of March 31, 2025, $347,395 was uninsured. The Association also maintains $565 and $65 of petty cash as of March 31, 2026, and 2025, respectively.

NOTE 7 - FIXED ASSETS

The fixed asset activity of the Association is as follows:

FIXED ASSETS	APRIL 1, 2025	ADDITIONS	DELETIONS	MARCH 31, 2026
Land	$ 309,500	$ -	$ -	$ 309,500
Construction in Progress	8,087	91,968	-	100,055
Land Improvements	245,643	-	-	245,643
Buildings	1,473,682	139,942	-	1,613,624
Vehicles, Furnishings & Other Equipment	314,147	69,851	11,658	372,340
Capitalized Loan Costs	-	-	-	-
	$ 2,351,059	$ 301,761	$ 11,658	$ 2,641,162
ALLOWANCES FOR DEPRECIATION/AMORTIZATION				
Land	$ -	$ -	$ -	$ -
Land Improvements	156,641	6,982	-	163,623
Buildings	915,196	41,444	-	956,640
Vehicles, Furnishings & Other Equipment	247,273	17,510	8,507	256,276
Capitalized Loan Costs	-	-	-	-
	1,319,110	65,936	8,507	1,376,539
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION AND AMORTIZATION	$ 1,031,949	$ 235,825	$ 3,151	$ 1,264,623

Total depreciation/amortization expense for the years ended March 31, 2026, and 2025 was $65,936 and $48,746 respectively.

NOTE 8 - ACCOUNTS PAYABLE/ACCRUED LIABILITIES

Accounts payable totaling $4,043 and $7,583 as of March 31, 2026, and 2025 respectively.

The accrued liabilities totaling $3,527 and $1,475 as of March 31, 2026, and 2025; respectively, consists of accrued wages, associated payroll taxes.

The taxes resulting from unrelated business income on form 990 created taxes payable totaling $939 and $1,518 for the years ended March 31, 2026 and 2025, respectively.

NOTE 9 - ACCOUNTS RECEIVABLE-OTHER

Amounts due from campers for electricity were $180, interest receivable was $2,997, legal/court costs receivable was $3,494, totaling $6,671 as of March 31, 2026, and $3,237 for March 31, 2025.

NOTE 10 – NET ASSET ALLOCATIONS

Net Assets Designated by Board totaled $1,182,794 and $1,078,400 as of March 31, 2026, and 2025 respectively. The balance of $1,182,794 consists of amounts the board of directors has allocated for long-term capital outlays of $50,000; working capital reserve of $250,000; and pool replacement of $880,000. In addition, the Activities Committee has an additional $2,794 designated.

The balance of $1,078,400 as of March 31, 2025, consists of amounts the board of directors has allocated for long-term capital outlays of $25,000; working capital reserve of $250,000; and pool replacement of $800,000. In addition, the Activities Committee has an additional $3,400 designated at that time.

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 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:	March 31, 2026	March 31, 2025
Cash and Cash Equivalents	$ 1,754,627	$ 1,216,692
Investments	223,746	344
Accounts Receivable Member Dues	244,503	333,841
Accounts Receivable-other	6,671	3,237
	2,229,547	1,554,114
Net Working Capital		
Less: Amount with Donor Restrictions	-	-
Financial Assets Available to Meet General Expenditures Within One Year	$ 2,229,547	$ 1,554,114

NOTE 13 - INVESTMENTS

Investments consist of the following:

	March 31, 2026	March 31, 2025
Investments measured at fair value	$ 223,746	$ 344
Total investments measured at fair value	$ 223,746	$ 344

NOTE 14 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

FASB ASC 820 Fair Value Measurement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. The Association measures its investments at fair value using Level 1 inputs.

- Level 2 - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 14 - FAIR VALUE MEASUREMENTS (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The Association reports certain investments using the net asset value per share (NAV) as determined by investment managers under the so-called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criterion for using this method is met.

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2026, the date on which the financial statements were available to be issued.

NOTE 16 – PRIOR PERIOD ADJUSTMENT (prior year)

The Association has received insurance proceeds from a hail storm that effected several structures in 2022. Some of the proceeds have been spent with contractors doing restoration work, and the remainder is presented as Unspent Insurance Proceeds, a liability account. During the course of the year ended March 31, 2025, it was determined that an additional $46,555 of the proceeds had been “earned” and able to be recognized as income during the previous years. A prior period adjustment has been made to appropriately reflect the additional information.

PRESQUE ISLE HARBOR ASSOCIATION
PRESQUE ISLE, MICHIGAN
SUPPLEMENTAL INFORMATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - BY FUNCTION
FOR YEAR ENDED MARCH 31, 2026
(WITH COMPARATVE TOTALS FOR THE YEAR ENDED MARCH 31, 2025)

	YEAR ENDED MARCH 31			
	2026			2025
	GENERAL OPERATIONS	CAMPERS VILLAGE	TOTAL	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Membership Dues Assessments	$ 849,854	$ -	$ 849,854	$ 819,064
Late Charges	31,015	-	31,015	15,607
Camping and Storage Fees	-	112,618	112,618	113,944
Association Committees	362	-	362	386
Clothing, Other Product Sales and Rentals	17,016	-	17,016	8,106
Insurance Proceeds	198,458	-	198,458	-
Interest Income	35,117	-	35,117	29,659
Realized Market Gains/(Losses)	(252)	-	(252)	-
Gain on Disposal of Assets	1,299	-	1,299	(6,878)
All Other	9,365	-	9,365	8,131
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,142,234	112,618	1,254,852	988,019
FUNCTIONAL EXPENSES				
Program Services	501,901	54,451	556,352	547,942
Supporting Services	130,208	16,219	146,427	157,432
TOTAL FUNCTIONAL EXPENSES	632,109	70,670	702,779	705,374
CHANGE IN NET ASSETS	$ 510,125	$ 41,948	$ 552,073	$ 282,645
Net Assets - Beginning of Year			2,095,857	1,766,657
Prior Period Adjustment - See Note 14			-	46,555
Net Assets - End of Year			$ 2,647,930	$ 2,095,857

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, 2026 AND 2025

	APRIL 1, 2025	ADDITIONS	DELETIONS	MARCH 31, 2026
FIXED ASSETS				
Fixed Assets Not Being Depreciated				
Land	$ 309,500	$ -	$ -	$ 309,500
Construction in Progress	8,087	91,968	-	100,055
Fixed Assets Being Depreciated				
Land Improvements	245,643	-	-	245,643
Buildings				
Clubhouse	1,134,797	139,942	-	1,274,739
North Bay Beach House	66,269	-	-	66,269
Grand Lake Beach House	55,710	-	-	55,710
Campers Village	131,627	-	-	131,627
Maintenance Buildings	85,279	-	-	85,279
Total Buildings	1,473,682	139,942	-	1,613,624
Vehicles, Furnishings & Other Equipment				
Vehicles, Furnishings & Other Equipment	314,147	69,851	11,658	372,340
Total Vehicles, Furnishings & Other Equipment	314,147	69,851	11,658	372,340
	$ 2,351,059	$ 301,761	$ 11,658	$ 2,641,162
ACCUMULATED DEPRECIATION	$ 1,319,110	$ 65,936	$ 8,507	$ 1,376,539
FIXED ASSETS, NET OF ACCUMULATED DEPRECIATION	$ 1,031,949	$ 235,825	$ 3,151	$ 1,264,623

SEE NOTES TO THE FINANCIAL STATEMENTS.

Schulze Oswald Miller & Edwards PC

120 N. Ripley Street • Alpena, MI 49707
P.O. Box 69 • Rose City, MI 48654

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

May 5, 2026

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, 2026, and we will issue our report thereon dated ***May 5, 2026***. 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 6, 2026. 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 5, 2026.

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

Schulze, Oswald, Miller & Edwards PC
Alpena, Michigan

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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, 2026, 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).

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

Schulze, Oswald, Miller & Edwards, PC
Alpena, Michigan
May 5, 2026