

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

CONTENTS

Independent Accountants' Compilation Report	1
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Financial Statements

Statements of financial position	2
Statements of activities	3-4
Statements of functional expenses	5-6
Statements of cash flows	7

Notes to Financial Statements	8-13
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CBIZ CPAs P.C.

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Independent Accountants' Compilation Report

To the Board of Directors of
Higgins Lake Property Owners Association

Management is responsible for the accompanying financial statements of Higgins Lake Property Owners Association (the "Association"), which comprise the statement of financial position as of December 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 (collectively referred to as the "financial statements") in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements of Higgins Lake Property Owners Association as of and for the year ended December 31, 2023, were subject to a compilation engagement by Croskey Lanni, PC, whose report dated February 20, 2024, stated that they have not audited or reviewed the 2023 financial statements and do not express an opinion, a conclusion, nor provide any assurance on those financial statements.

CBIZ CPAs P.C.

CBIZ CPAs P.C.

Rochester, MI
May 13, 2025

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 155,295	\$ 94,627
Cash and cash equivalents - restricted	27,484	34,006
Certificate of deposit	<u>--</u>	<u>31,020</u>
Total Assets	<u>\$ 182,779</u>	<u>\$ 159,653</u>
Liabilities and Net Assets		
Current Liabilities		
Accrued payroll withholdings	\$ 398	\$ 288
Accrued payroll taxes	163	175
Unearned revenue	<u>35,360</u>	<u>28,150</u>
Total Liabilities	35,921	28,613
Net Assets		
Net assets without restrictions	119,374	101,738
Net assets with restrictions	<u>27,484</u>	<u>29,302</u>
Total Net Assets	<u>146,858</u>	<u>131,040</u>
Total Liabilities and Net Assets	<u>\$ 182,779</u>	<u>\$ 159,653</u>

See accompanying notes and independent accountants' compilation report.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total</u>
Revenue and Support			
Memberships	\$ 56,005	\$ --	\$ 56,005
Donations	10,480	--	10,480
Fundraiser income	9,523	--	9,523
Legal donations	--	5,170	5,170
Environmental donations	--	13,780	13,780
Investment income	2,584	--	2,584
Directory advertisements	9,480	--	9,480
Map sales	50	--	50
	<u>88,122</u>	<u>18,950</u>	<u>107,072</u>
Subtotal	88,122	18,950	107,072
Net Assets Released from Restrictions	<u>20,768</u>	<u>(20,768)</u>	<u>--</u>
Total Revenue and Support	108,890	(1,818)	107,072
Functional Expenses			
General program	70,970	--	70,970
Management and general	20,284	--	20,284
	<u>91,254</u>	<u>--</u>	<u>91,254</u>
Total Functional Expenses	91,254	--	91,254
Change in Net Assets	17,636	(1,818)	15,818
Net Assets - Beginning	<u>101,738</u>	<u>29,302</u>	<u>131,040</u>
Net Assets - Ending	<u>\$ 119,374</u>	<u>\$ 27,484</u>	<u>\$ 146,858</u>

See accompanying notes and independent accountants' compilation report.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total</u>
Revenue and Support			
Memberships	\$ 58,375	\$ --	\$ 58,375
Donations	11,434	--	11,434
Fundraiser income	4,542		4,542
Legal donations	--	21,950	21,950
Environmental donations	--	13,460	13,460
Directory advertisements	10,060	--	10,060
Map sales	150	--	150
Interest income	1,633	--	1,633
Unrealized gain on certificate of deposit	1,020	--	1,020
Subtotal	87,214	35,410	122,624
Net Assets Released from Restrictions	<u>17,938</u>	<u>(17,938)</u>	<u>--</u>
Total Revenue and Support	105,152	17,472	122,624
Functional Expenses			
General program	56,987	--	56,987
Management and general	<u>20,956</u>	<u>--</u>	<u>20,956</u>
Total Functional Expenses	<u>77,943</u>	<u>--</u>	<u>77,943</u>
Change in Net Assets	27,209	17,472	44,681
Net Assets - Beginning	<u>74,529</u>	<u>11,830</u>	<u>86,359</u>
Net Assets - Ending	<u>\$ 101,738</u>	<u>\$ 29,302</u>	<u>\$ 131,040</u>

See accompanying notes and independent accountants' compilation report.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>General Program</u>	<u>Management and General</u>	<u>Total</u>
Conferences, conventions, and meetings	\$ --	\$ 439	\$ 439
Environmental costs	7,298	--	7,298
Insurance	--	1,426	1,426
Lobbying expenses	16,561	--	16,561
Marine patrol and GLUA support	12,000	--	12,000
Memberships	--	200	200
Miscellaneous	--	15	15
Office lease	--	2,750	2,750
Office supplies	--	866	866
Payroll taxes	461	461	922
Postage	1,880	--	1,880
Printing and copying - newsletter	9,044	--	9,044
Professional fees			
Accounting	--	4,147	4,147
Legal	13,470	--	13,470
Telephone and internet	--	2,165	2,165
Unrelated business income tax	--	57	57
Wages	7,256	7,256	14,512
Water testing	3,000	--	3,000
Website costs	--	502	502
Total Allocation of Functional Expenses	<u>\$ 70,970</u>	<u>\$ 20,284</u>	<u>\$ 91,254</u>

See accompanying notes and independent accountants' compilation report.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General Program</u>	<u>Management and General</u>	<u>Total</u>
Conferences, conventions, and meetings	\$ --	\$ 859	\$ 859
Environmental costs	15,910	--	15,910
Insurance	--	1,308	1,308
Lobbying expenses	12,000	--	12,000
Marine patrol and GLUA support	12,000	--	12,000
Memberships	--	584	584
Miscellaneous	--	360	360
Office lease	--	3,000	3,000
Office supplies	--	1,403	1,403
Payroll taxes	471	471	942
Postage	2,597	--	2,597
Printing and copying - newsletter	5,860	--	5,860
Professional fees			
Accounting	--	4,095	4,095
Legal	2,028	--	2,028
Telephone and internet	--	2,305	2,305
Wages	6,121	6,121	12,242
Website costs	--	450	450
Total Allocation of Functional Expenses	<u>\$ 56,987</u>	<u>\$ 20,956</u>	<u>\$ 77,943</u>

See accompanying notes and independent accountants' compilation report.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 15,818	\$ 44,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on certificate of deposit	--	(1,020)
Changes in assets and liabilities:		
Deposits	--	200
Accrued payroll withholdings	110	(162)
Accrued payroll taxes	(12)	27
Unearned revenue	<u>7,210</u>	<u>8,070</u>
Net Cash Provided by Operating Activities	23,126	51,796
Cash Flows From Investing Activities		
Redemption (purchase) of certificate of deposit	<u>31,020</u>	<u>(30,000)</u>
Net Increase in Cash and Cash Equivalents and Restricted Cash	54,146	21,796
Cash and Cash Equivalents and Restricted Cash - Beginning	<u>128,633</u>	<u>106,837</u>
Cash and Cash Equivalents and Restricted Cash - Ending	<u>\$ 182,779</u>	<u>\$ 128,633</u>

See accompanying notes and independent accountants' compilation report.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Higgins Lake Property Owners Association (“the Association”), is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

NATURE OF BUSINESS

The purpose of the Association is to protect, preserve and enhance the quality of Higgins Lake and its surrounding watershed.

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FINANCIAL STATEMENT PRESENTATION

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

Net assets with restrictions: Net assets with restrictions include net assets subject to imposed stipulations that may or will be met by actions of the Association and/or the passage of time. Net assets with restrictions may also include assets subject to imposed stipulations that they be maintained permanently by the Association. These assets permit the Association to use all of the income earned on related investments for general or specific purposes. As of December 31, 2024 and 2023, there were no net assets with stipulations that they be maintained permanently by the Association.

Net assets without restrictions: Net assets not subject to imposed stipulations. Revenue that is restricted is reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other restricted support is reported as an increase in net assets with restrictions. When a restriction expires restricted, net assets are reclassified to net assets without restrictions.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and highly liquid short-term investments, with an original maturity of three months or less.

EQUIPMENT

The Association's policy is to capitalize property and equipment when either purchased or donated in excess of \$1,000. Assets purchased are stated at cost. Donated assets are recorded as in-kind donations at their estimated fair values at the time of receipt. At December 31, 2024 and 2023, the Association did not hold title to any purchased or donated equipment.

DONATED ASSETS AND SERVICES

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with restrictions existed as of December 31, 2024 and 2023 in the amount of \$27,484 and \$29,302, respectively.

Donated services are not reflected in the accompanying financial statements. A substantial number of volunteers donate significant amounts of time to the Association.

FUNCTIONAL EXPENSES

The costs of providing various program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL EXPENSES (CONTINUED)

Allocated expenses include personnel-related costs of which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Association.

INCOME TAXES

The Association is exempt from Federal income tax under section 501(c)(4) of the Internal Revenue Code, except for net income derived from unrelated business activities. Management of the Association believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

The Association is no longer subject to examination by the Internal Revenue Service for the tax year ended December 31, 2021 or prior.

EVENTS OCCURRING AFTER REPORTING DATE

Management has evaluated events and transactions for potential recognition or disclosure through May 13, 2025, the date the financial statements were available to be issued.

On January 1, 2025, the Association entered into a lease extension for the building the Association uses for its operations through December 31, 2025. See Note 6 to the financial statements for additional information related to the lease.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Association's cash balances for the years ended December 31, 2024 and 2023 were fully insured.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 – FAIR VALUE MEASUREMENTS – CERTIFICATE OF DEPOSIT

The Financial Accounting Standards Board's Accounting Standards Codification, Topic 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority and are without observable inputs. The carrying values of cash in the accompanying statements of financial position approximate fair value at December 31, 2024 and 2023. The Association's certificate of deposit is reported at fair value in the accompanying statements of financial position utilizing Level 2 inputs at December 31, 2023. The certificate of deposit matured during June 2024 and transferred to the Association's money market account. At December 31, 2024 and 2023, there were no Level 1 or 3 investments.

NOTE 4 – NET ASSETS WITH RESTRICTIONS

Net assets with restrictions were available for the following purposes at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Legal expenses	\$ 19,468	\$ 27,768
Environmental expenses	8,016	1,534
Total net assets with restrictions	<u>\$ 27,484</u>	<u>\$ 29,302</u>

Releases from net assets with restrictions during the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Legal expenses	\$ 13,470	\$ 2,028
Environmental expenses	7,298	15,910
Total release of net assets with restrictions	<u>\$ 20,768</u>	<u>\$ 17,938</u>

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 – REVENUE RECOGNITION AND UNEARNED REVENUE

The Association receives annual membership dues on a voluntary basis from its members at \$115 per member. No dues receivable is reflected on these financial statements. Annual dues are solicited each fall for the subsequent year membership.

It is common for a portion these dues to be received by the Association prior to its fiscal year end, so these dues are classified as a liability and subsequently recognized as memberships revenue during the following fiscal year. At December 31, 2024 and 2023, unearned revenue amounted to \$35,360 and \$28,150, respectively.

NOTE 6 – OPERATING LEASE

The Association entered into a lease agreement for office space located in Roscommon, Michigan on January 1, 2019 for one year which expired on December 31, 2019. The Association did not renew the lease upon expiration, rather chose to lease the office space going forward on a month-to-month basis at \$200 per month through December 31, 2021.

On January 1, 2022, the Association signed a renewal agreement which expired December 31, 2022. The renewal agreement called for monthly payments of \$200. The Association signed another extension effective January 1, 2023 expiring December 31, 2023. The agreement calls for monthly lease payments of \$250 and can be cancelled by either the Association or the lessor with thirty-days written notice. No extension was signed subsequent to December 31, 2023 through December 31, 2024.

During 2024, the Association made monthly payments of \$250 under the terms of the previous amendment in effect until December 31, 2023.

On January 1, 2025, the Association extended the lease through December 31, 2025 requiring \$250 per month and can be cancelled by either the Association or the lessor with thirty-days written notice. The Association did not record a right of use asset or lease liability on the statements of financial position for the years ended December 31, 2024 or 2023 due to the right to cancel the lease by both the Association or the lessor with thirty-days written notice.

Office lease expense for the years ended December 31, 2024 and 2023 amounted to \$2,750 and \$3,000, respectively.

HIGGINS LAKE PROPERTY OWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Association’s financial assets as of December 31, 2024 and 2023, reduced by amounts not available for general use within one year:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 182,779	\$ 128,633
Certificate of deposit	<u>--</u>	<u>31,020</u>
Subtotal	182,779	159,653
Less -		
Net assets with restrictions	<u>27,484</u>	<u>29,302</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 155,295</u></u>	<u><u>\$ 130,351</u></u>