LAKE LANIER ASSOCIATION, INC.

Gainesville, Georgia

Independent Audit Report

For the year ending

December 31, 2022

Lake Lanier Association, Inc.

Independent Audit Report

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Mundy&CompanyLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lake Lanier Association, Inc.

We have audited the accompanying financial statements of Lake Lanier Association, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lake Lanier Association, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mundy & Co., LLC

Cleveland, GA
October 6, 2023

Lake Lanier Association, Inc.
Statement of Financial Position
December 31, 2022

ASSETS	
Current Assets	
Cash and cash equivalents	$473,520
Total Current Assets	473,520
Property & Equipment	
Machinery & equipment	44,090
Office equipment	30,182
Less: Accumulated depreciation	(35,158)
Net Property & Equipment	39,114
Other Assets	
Investment securities - Fidelity	6,159
TOTAL ASSETS	$518,793
LIABILITIES & NET ASSETS	
Current Liabilities	
Accounts payable	5,013
Credit card payable	1,002
Payroll tax payable	31,503
Total Current Liabilities	37,518
Long-Term Liabilities	-
Total Liabilities	37,518
Net Assets	
Net assets with donor restrictions	-
Net assets without donor restrictions	481,275
Total Net Assets	481,275
TOTAL LIABILITIES & NET ASSETS	$518,793

Lake Lanier Association, Inc.
Statement of Activities
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:			
Contributions	$92,656	$0	$92,656
Forsyth County	25,000	-	25,000
Contributed services	16,149	-	16,149
Interest & dividend income	104	-	104
Membership	235,165	-	235,165
Miscellaneous income	2,930	-	2,930
Realized loss on investments	(2,062)	-	(2,062)
Unrealized loss on investments	(5,161)	-	(5,161)
Total Support and Revenue	364,781	-	364,781
Net assets released from Donor Restrictions	-	-	-
Total Support & Net assets released from Donor Restrictions	364,781	-	364,781
EXPENSES:			
Program Services	288,975	-	288,975
Support Services:			
Fundraising	-	-	-
General & Administrative	52,140	-	52,140
Total Expenses	341,115	-	341,115
Change in Net Assets	23,666	-	23,666
Net Assets, beginning of the year	457,609	-	457,609
Net Assets, end of the year	$481,275	$0	$481,275

Lake Lanier Association, Inc.
Statement of Functional Expenses
December 31, 2022

	Program Expenses	General & Administrative	Fundraising	Total
Salaries	$91,757	$22,939	$0	$114,696
Payroll taxes	7,019	1,755	-	8,774
ACF Stakeholder expense	701	-	-	701
ADDV expenses	15,000	-	-	15,000
Advertising	4,849	-	-	4,849
Bank charges	1,813	-	-	1,813
Depreciation & amortization	-	9,336	-	9,336
Dues & subscriptions	1,955	-	-	1,955
Government relations	375	-	-	375
Insurance	1,670	417	-	2,087
Interest	-	396	-	396
Legal and accounting	-	4,400	-	4,400
Meetings & training	10,202	-	-	10,202
Miscellaneous	1,267	-	-	1,267
Office supplies	-	9,289	-	9,289
On Lake Initiatives	91,927	-	-	91,927
Outreach programs	43,326	-	-	43,326
Printing/promotions	6,197	-	-	6,197
Professional fees	-	1,340	-	1,340
Rent - Building	9,072	2,268	-	11,340
Taxes & licenses	115	-	-	115
Telephone	1,730	-	-	1,730
Total expenses	$288,975	$52,140	$0	$341,115

Lake Lanier Association, Inc.
Statement of Cash Flows
December 31, 2022

Cash flows from operating activities:		
Change in Net Assets		$23,666
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	$9,336	
Increase (Decrease) in accounts payable	2,847	
Increase (Decrease) in payroll taxes payable	28,469	
Increase (Decrease) in deferred revenue	(22,468)	
Unrealized loss on investments	5,161	
Realized loss on investments	2,062	
Total adjustments		25,407
Net cash provided (used) by operating activities		49,073
Cash flows from investing activities:		
Fixed asset additions	(28,834)	
Net cash provided (used) by investing activities		(28,834)
Cash flows from financing activities:		
Net cash provided (used) by financing activities		-
Net increase (decrease) in unrestricted cash and cash equivalents		20,239
Unrestricted cash and cash equivalents at beginning of year		453,281
Unrestricted cash and cash equivalents at end of year		$473,520
Supplemental Information: Interest Expense	$396	

Lake Lanier Association, Inc.

Notes to the Financial Statements
For the year ending December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lake Lanier Association, Inc. (LLA) seeks to protect the quality, quantity and safety of Lake Lanier through education, action and advocacy. The Lake Lanier Association is a group of 4,000 plus members, all with interests in maintaining a Clean, Full and Safe Lake Lanier.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Leases

Adoption of New Accounting Principle – During the year 2022, the Organization adopted ASU 2016-02, Leases (Topic 842). Topic 842 requires lessees to recognize substantially all leases on their balance sheet as a right-of-use (ROU) asset and a lease liability. The Organization elected the practical expedient package which allows the Organization to not reassess whether a contract is or contains a lease, not reassess the lease classification for any expired or existing leases nor any initial direct costs of existing leases. The Organization also made an accounting policy election for short-term leases with initial terms of 12 months or less. Short-term leases will be recoded on the income statement on a straight-line basis over the lease term. The adoption of ASC 842 did not have a material net effect on the financial statements. The Organization used the effective date method for transition.

The Organization entered into a lease agreement for building space. The Organization determines if an arrangement is a lease at inception and begins recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use the risk-free rate to determine the present value of future lease payments unless the implicit rate in a lease is readily determinable. The risk-free rate is based on the then treasury rate over a similar term at an amount equal to the lease payments in a similar economic environment. This rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities. Any rent escalation clauses, or other incentives are recorded appropriately in the ROU asset and reduction of the liability. Any lease expense that is clearly immaterial to the financial statements are expensed as incurred.

Financial Statement Presentation

Lake Lanier Association, Inc. presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606. Under ASC 606, the contributions received, including unconditional promises to give, must be recognized as revenues in the period received at their fair values. Lake Lanier Association, Inc. is required to report information regarding its financial position and activities according to classes of net revenues and net assets with Donor Restrictions, and net revenues and net assets without donor restrictions. The organization reports donor-restricted support whose restrictions are met in the same reporting period as support within net assets without donor restrictions.

Lake Lanier Association, Inc. is also required to present a statement of cash flows and reporting of expenses by nature and function.

In September of 2020, FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets. This standard improves transparency of contributed non-financial assets for not-for-profit entities through enhancements to presentation and disclosure. The new guidance requires entities to present contributed non-financial assets as a separated line item in the statement of activities, apart from contributions of cash or other financial assets. ASU 2020-07 is applied retrospectively. Management adopted ASU 2020-07 effective January 1, 2022. There was no material impact to the financial statements as a result of adoption of these standards.

Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.
Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset.

We invest in securities traded in the financial markets. Those securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions, and are classified within Level 2. We have no Level 2 or 3 investments.

Lake Lanier Association, Inc.

Notes to the Financial Statements
For the year ending December 31, 2022

The following table presents assets measured at fair value on a recurring basis, except those measured at cost per share as a practical expedient as identified in the following, at December 31, 2022:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market (at cost)	$473,520	$0	$0	$0
Investment in securities	6,159	6,159		
Total	$479,679	$6,159		

Property and Equipment

We record property and equipment additions at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2022.

Income Taxes

The organization is exempt from federal and state income taxes under section 501 of the Internal Revenue Code. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Cash, Cash Equivalents, and Restricted Cash

The organization consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The following provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

Cash and cash equivalents	$473,520

Financial Instruments and Credit Risk

The organization manages deposit concentration risk by placing cash, and money market accounts, with financial institutions believed to be creditworthy. Investment performance is monitored by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Revenue recognition

The Organization evaluates whether a transfer of assets is (1) a contribution or (2) an exchange transaction. An exchange transaction is one in which the resource provider is receiving commensurate value in return for the resources transferred. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts that are designated for future periods or are restricted by the donor for specific purposes are reported in the consolidated statements of activities as contributions with donor restrictions. When a donor restriction is met (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Unconditional promises to give are reported at estimated fair market value at the date the promise is received. Conditional promises to give are recognized at estimated fair market value when the conditions, as stipulated by the donor, are substantially met.

The Organization adheres to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). In accordance with ASC 606, the Organization recognizes revenue when control of the promised goods or services are transferred to the recipient in an amount that reflects the consideration the organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Organization's activities are primarily supported through memberships, contributions from individuals, corporate and foundation donors.

Contributions – Unconditional contributions are recorded to net assets with or without donor restrictions, depending on the existence and nature of any donor restrictions. Contributions, including unconditional promises to give cash or other assets, are reported at fair value at the date there is sufficient verifiable evidence documenting that a promise was made by the donor and received by Lake Lanier Association, Inc. Conditional promises to give are recognized only when the conditions imposed by the donor are substantially met and the promises become unconditional. Assets received in connection with conditional promises are reported as refundable advances until such time the conditions are substantially met.

NOTE 2: CONCENTRATION OF CREDIT RISK

The balance of cash and cash equivalents as of December 31, 2022 was $473,520. Of the total cash and cash equivalents in the bank, $250,000 is covered by Federal Depository Insurance at each bank. Although some accounts may fluctuate above the FDIC insured amount, the board is aware of this situation and manages the funds continually to limit the credit risk.

NOTE 3: ESTIMATES

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

NOTE 4: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	**Method of Allocation**
Payroll taxes	Time and effort
Salary	Time and effort
Insurance	Time and effort
Rent- Building	Square footage

NOTE 5: AVAILABILITY AND LIQUIDITY

The following represents Lake Lanier Association, Inc.'s financial assets at December 31, 2022.

Financial assets at year-end:	2022
Cash and cash equivalents	$473,520
Investment securities – Fidelity	6,159

Total financial assets	$479,679

Financial assets available to meet general expenditures over the next twelve months <u>$479,679.</u>

Lake Lanier Association, Inc.'s goal is to maintain financial assets to meet operating expenses based on budgetary needs. Based on part of Lake Lanier Association, Inc.'s liquidity plan, excess cash is invested in short term investments including money market accounts. Decisions to invest are at the discretion of the board of directors.

NOTE 6: CONTRIBUTED NON-FINANCIAL ASSETS

The organization receives a substantial amount of goods and services donated by volunteers and the community in carrying out the entity's mission. These goods and services are recognized as donated materials and supplies since they do meet the criteria for recognition under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606"). For the year ended December 31, 2022, $16,149 in contributed goods and services have been recognized as revenue. These contributed goods and services were used for the Shore Sweep program. The organization estimated the fair value on the basis of estimates of values that would be received for similar products in the United States.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Lake Lanier Association, Inc. is dependent upon the contributions received in order to operate. The ability of organization's contributors to continue giving amounts consistent and comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions to Lake Lanier Association, Inc. Though the Board of Directors believes the organization has the resources to continue its programs, its ability to do so, and the extent to which it continues, may be dependent on the above factors.

NOTE 8: SUBSEQUENT EVENTS

During testing for subsequent events, procedures were implemented that provide evidence about conditions that *did not exist* at the date of the statement of financial position, but arose after that date. As of October 6, 2023, no subsequent events were discovered that would be misleading in regard to the financial statements for the year ending December 31, 2022.