

**RAINBOW LAKES MAINTENANCE CORPORATION
PERRINTON, MICHIGAN**

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED JULY 31, 2024

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RAINBOW LAKES MAINTENANCE CORPORATION
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
JULY 31, 2024

ASSETS	
Current Assets	\$ 4,081
Cash	227,948
Noncurrent Assets	
fixed assets, net of accumulated depreciation	390,245
TOTAL ASSETS	<u>\$ 622,274</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	\$ 129
NET ASSETS	
Without donor restrictions	622,145
TOTAL ASSETS AND NET ASSETS	<u>\$ 622,274</u>

RAINBOW LAKES MAINTENANCE CORPORATION
STATEMENT OF SUPPORT, REVENUES, AND EXPENSES - MODIFIED CASH BASIS
JULY 31, 2024

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUE	
Charges for services	
Maintenance fees	\$ 126,482
Boat storage fees	19,530
Finance charges	471
Interest	1,667
Other	<u>26,622</u>
TOTAL SUPPORT AND REVENUE	<u>174,772</u>
EXPENSES	
Program services	
Management and general	
TOTAL EXPENSES	<u>193,978</u>
CHANGE IN NET ASSETS	(19,206)
Net assets, beginning of year	<u>641,351</u>
Net assets, end of year	<u><u>\$ 622,145</u></u>

	Program Services	Management and General	Total Expenses
Salaries and wages	\$ 27,694	\$ 29,640	\$ 57,334
Payroll taxes	<u>2,470</u>	<u>2,267</u>	<u>4,737</u>
Total salaries and related expenses	\$ 30,164	\$ 31,907	\$ 62,071
Utilities	256	2,431	2,687
Telephone	-	2,380	2,380
Insurance	1,019	8,666	9,685
Office supplies	671	672	1,343
Printing	903	904	1,807
Postage	1,314	1,314	2,628
Travel	2,939	-	2,939
Repairs and maintenance	3,693	263	3,956
Professional fees	-	11,836	11,836
Fireworks	28,500	-	28,500
Weed control	7,000	-	7,000
Other	<u>30,632</u>	<u>5,362</u>	<u>35,994</u>
Total expenses before depreciation	\$ 107,091	\$ 65,735	\$ 172,826
Depreciation	<u>20,351</u>	<u>801</u>	<u>21,152</u>
TOTAL EXPENSES	<u>\$ 127,442</u>	<u>\$ 66,536</u>	<u>\$ 193,978</u>

RAINBOW LAKES MAINTENANCE CORPORATION
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
JULY 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (19,206)
Adjustments to reconcile change in net assets to net cash provided by operating activities	(3,858)
Depreciation	<u>21,152</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (1,912)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of fixed assets	<u>\$ -</u>
NET (DECREASE) IN CASH DURING THE YEAR	(1,912)
Cash, beginning of year	<u>229,860</u>
Cash, end of year	<u><u>\$ 227,948</u></u>

RAINBOW LAKES MAINTENANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Rainbow Lakes Maintenance Corporation (the Corporation) are presented on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America for a nonprofit organization. The modified cash basis of accounting recognizes revenue when received and expenses, other than fixed assets, are recorded at the time of payment.

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 changed therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net assets with donor restrictions – Net assets subject to donor (or grantor) imposed restrictions. Some of the donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulation time has elapsed, or when the stipulated purpose has been accomplished. There were no net assets with donor restrictions at July 31, 2024.

Cash – For the purpose of the statement of cash flows – modified cash basis, cash equivalents and liquid assets maturing no more than three months from the date of purchase are considered cash. The Corporation's cash consists of two checking and one savings account.

Fixed assets – The Corporation capitalizes all expenses for fixed assets that have a useful life of more than one year. Property and equipment acquired by the Corporation are stated at cost, if purchased, or at fair value, if donated. Depreciation is computed on the straight-line method for buildings and double declining balance for equipment over the useful lives of the respective assets, which range from 5 to 39 years. The cost of normal maintenance that does not add to the value of the assets or materially extend the asset lives are charged to expense when incurred.

RAINBOW LAKES MAINTENANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Functional allocation of expenses – The costs of providing program and other activities have been reported in the statement of support, revenues, and expenses – modified cash basis. The statement of functional expenses – modified cash basis presents the natural classification of expenses that are allocated to program or supporting functions of the Corporation. Allocated expenses primarily consist of payroll and related, professional fees, maintenance and repair, depreciation, utilities, and various other expense classifications necessary to support the day-to-day operations of the Corporation. Salaries and wages have been allocated based upon estimated time percentages per employee. Other costs have been allocated based on management's estimated use of resources.

Charges for Services – The Corporation charges its members (property owners) an annual maintenance fee that is a major source of revenue for the Corporation to carry out programs that further its exempt purpose. In addition, the Corporation charges its members fees for boat storage, lien charges, and finance charges on past due accounts.

NOTE 2 – NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Rainbow Lakes Maintenance Corporation was incorporated August 1, 1987, as a non-profit organization by Rainbow Lakes property owners interested in cooperating to provide better services to the Rainbow Lake area.

The purpose of the Corporation is to promote the general welfare of the owners and members of the territory covered by this Corporation by providing services that include, but are not limited to, housing, transportation, sanitation, taxation, building restrictions, architectural control, streets, sidewalks, public nuisances, lake patrol and control, and all other matters of public interest. Those services provided include the maintenance of parks and beaches, maintenance of docks and a beach house, restocking fish in two private lakes, weed control, and security.

RAINBOW LAKES MAINTENANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (concluded)

The Corporation is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash. The Corporation places its cash and cash equivalents with FDIC insured financial institutions. Although such cash may exceed the federally insured limits at certain times during the year, they are in the opinion of management subject to minimal risk.

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and 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 programs and supporting services (i.e., management and general) based on management estimates.

The Internal Revenue Service has ruled that the Corporation is a non-profit corporation under Section 501(c)(7) of the Internal Revenue Code and is, therefore not subject to tax under present federal income tax laws. In the preparation of tax returns, tax positions are taken based on the interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by various taxing authorities for a period of three to four years.

The Corporation evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through July 31, 2024, which is the date the financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Corporation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Corporation anticipates collecting sufficient revenue to cover general expenditures.

RAINBOW LAKES MAINTENANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – LIQUIDITY AND AVAILABILITY (concluded)

The following reflects the Corporation's financial assets as of July 31, 2024, which are deemed available for general expenditures within one year of the date of the statement of financial position.

Financial assets available to meet cash needs
for general expenditures within one year

Cash	<u>\$227,948</u>
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NOTE 4 – FIXED ASSETS

The following is a summary of the changes in fixed assets for the year ended July 31, 2024:

	Balance August 1, 2023	Additions	Deletions	Balance July 31, 2024
Land (not depreciated)	\$3,200	\$ -	\$ -	\$3,200
Building and improvements	525,057	-	-	525,057
Equipment	78,510	-	-	78,510
Construction in Progress	48,000	-	-	48,000
	654,767		-	654,767
Less: accumulated depreciation	(243,370)	(21,152)	-	(264,522)
	<u>\$411,397</u>	<u>\$21,152</u>	<u>\$ -</u>	<u>\$390,245</u>

