

**HURON RIVER HUNTING AND
FISHING CLUB**

REVIEWED FINANCIAL STATEMENTS

For the years ended August 31, 2021 and 2020

HURON RIVER HUNTING AND FISHING CLUB

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Huron River Hunting and Fishing Club

We have reviewed the accompanying financial statements of Huron River Hunting and Fishing Club (a not-for-profit organization), which comprise the statement of financial position as of August 31, 2021 and 2020, and the related statement of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

Farmington Hills, Michigan
November 19, 2021

HURON RIVER HUNTING AND FISHING CLUB
STATEMENT OF FINANCIAL POSITION

	<u>August 31,</u>	
	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 373,447	\$ 257,860
Accounts receivable:		
Members	70,767	79,478
Other	-	8,756
Inventories	91,034	82,313
Prepaid expenses	36,358	39,724
Investments, at fair value	<u>145,943</u>	<u>145,414</u>
Total current assets	717,549	613,545
PROPERTY AND EQUIPMENT, net	<u>498,372</u>	<u>545,186</u>
Total assets	<u><u>\$ 1,215,921</u></u>	<u><u>\$ 1,158,731</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 34,650	\$ 39,413
Current portion of long - term debt	436	436
Accrued expenses:		
Payroll and related liabilities	16,985	19,768
Sales tax	5,279	6,617
Interest	3,446	-
Deferred revenue:		
Dues	76,747	77,011
Wine lockers	<u>20,274</u>	<u>19,688</u>
Total current liabilities	157,817	162,933
LONG - TERM DEBT	<u>124,864</u>	<u>124,864</u>
Total liabilities	282,681	287,797
NET ASSETS - Without donor restrictions	<u>933,240</u>	<u>870,934</u>
Total liabilities and net assets	<u><u>\$ 1,215,921</u></u>	<u><u>\$ 1,158,731</u></u>

HURON RIVER HUNTING AND FISHING CLUB
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years ended August 31,			
	2021		2020	
OPERATING REVENUE				
Food	\$ 666,792	57.3 %	\$ 770,094	56.0 %
Beverage	167,526	14.5	215,514	15.8
Retail wine and merchandise	58,619	5.0	83,856	6.1
Dues	229,277	19.7	245,050	17.8
Membership minimum usage	4,509	0.4	11,514	.8
Wine locker fees	26,446	2.3	21,001	1.5
Other income	9,697	0.8	27,532	2.0
Total operating revenue	<u>1,162,866</u>	<u>100.0</u>	<u>1,374,561</u>	<u>100.0</u>
COST OF SALES				
Food	227,332	19.5	279,742	20.4
Beverage	70,587	6.1	83,804	6.1
Retail wine and merchandise	52,829	4.5	74,164	5.4
Total cost of sales	<u>350,748</u>	<u>30.1</u>	<u>437,710</u>	<u>31.9</u>
GROSS PROFIT	<u>812,118</u>	<u>69.9</u>	<u>936,851</u>	<u>68.1</u>
OPERATING EXPENSES				
Salaries and related employee benefits	475,932	40.9	550,516	40.1
Property taxes and insurance	66,758	5.7	71,667	5.2
Interest expense	3,446	0.3	-	-
Other operating expenses	400,489	34.4	399,554	29.1
Total operating expenses	<u>946,625</u>	<u>81.3</u>	<u>1,021,737</u>	<u>74.4</u>
(DECREASE) IN NET ASSETS - before other income	<u>(134,507)</u>	<u>(11.4)</u>	<u>(84,886)</u>	<u>(6.3)</u>
OTHER ACTIVITIES				
Dividends and Interest	905	0.1	1,737	0.1
Unrealized gain on investments	-	-	298	-
Initiation fees	30,500	2.6	12,500	.9
Employee retention tax credits	165,408	14.2	43,349	3.2
Other income - grant	-	-	10,000	.7
Total other income	<u>196,813</u>	<u>16.9</u>	<u>67,884</u>	<u>4.9</u>
CHANGE IN NET ASSETS	<u>62,306</u>	<u>5.5 %</u>	<u>(17,002)</u>	<u>(1.4) %</u>
NET ASSETS, beginning of year	<u>870,934</u>		<u>887,936</u>	
NET ASSETS, end of year	<u>\$ 933,240</u>		<u>\$ 870,934</u>	

HURON RIVER HUNTING AND FISHING CLUB
STATEMENT OF CASH FLOWS

	<u>Years ended August 31,</u>	
	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 62,306	\$ (17,002)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	46,814	47,209
Unrealized gain on investments	-	(298)
Changes in:		
Accounts receivable	17,467	(37,316)
Inventories	(8,721)	1,623
Prepaid expenses	3,366	(5,386)
Accounts payable	(4,763)	(584)
Accrued expenses	(675)	11,962
Deferred revenue	322	(5,106)
	<u>116,116</u>	<u>(4,898)</u>
Net cash provided by (used in) operating activities		
INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(11,734)
Purchases of investments	(529)	(68,351)
	<u>(529)</u>	<u>(80,085)</u>
Net cash used in investing activities		
FINANCIAL ACTIVITY		
Proceeds from long-term debt	-	125,300
	<u>-</u>	<u>125,300</u>
NET CHANGE IN CASH	115,587	40,317
CASH, beginning	257,860	217,543
	<u>257,860</u>	<u>217,543</u>
CASH, ending	\$ 373,447	\$ 257,860
	<u>\$ 373,447</u>	<u>\$ 257,860</u>

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Huron River Hunting and Fishing Club (the “Club”) is a private club organized as a Michigan not-for-profit organization. The Club is organized to provide social activities and food and beverage services for the benefit of its members who are located in southeastern Michigan. Accounts receivable are due primarily from these members.

Basis of Presentation

The Club follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Club follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the *FASB Accounting Standards Codification (ASC)*.

Classification of Net Assets

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Club. Net assets may be used at the discretion of the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met with the actions of the Club or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

At August 31, 2021 and 2020, the net assets have been classified as without donor restrictions. The Board of Directors has designated net assets for capital improvement and replacement for major nonrecurring projects not directly related to the current operating needs of the Club that would normally not be expected to be covered by dues or other operating revenue.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Club from time to time during the years covered by these financial statements may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. In particular, the COVID-19 pandemic and the resulting adverse impacts to global economic conditions, as well as operations, may affect future estimates.

Accounts Receivable and Allowance for Doubtful Accounts

The Club carries its accounts receivable at net realizable value less an allowance for doubtful accounts. On a periodic basis, the Club evaluates its accounts receivable and establishes an allowance for doubtful accounts when deemed necessary based on an evaluation of specific accounts. As of August 31, 2021 and 2020 there was no allowance for doubtful accounts. The Club does not require collateral to support accounts receivable.

Inventories

Inventories, principally food and beverages, are stated at the lower of cost or net realizable value, with cost being determined on the first-in, first-out basis.

Deferred Revenue

Membership dues are assessed in December for the following calendar year. Wine locker fees are assessed in June for the following fiscal year. Such dues and fees are recognized as revenue monthly on a pro rata basis.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method applied over the estimated useful lives of the respective assets. Expenditures for maintenance and repairs are charged to expense as incurred whereas major improvements are capitalized.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are carried at fair value and net realized or unrealized gains and losses are reflected in the statements of activities and changes in net assets.

Sales Tax

The Club reports its sales tax on the net basis in accordance with ASC Topic Sales Tax.

Income Taxes

The Internal Revenue Service has exempted the Club from Federal income taxes under Section 501(c) (7) of the Internal Revenue Code. The Tax Reform Act of 1969 imposed a corporate income tax on the “unrelated business taxable income and non-member activities” of an otherwise tax-exempt club. No provision for income taxes is reflected on the statements of revenue, expenses and changes in net assets due to availability of general business tax credit carry forwards of approximately \$52,000 expiring in various years through August 2031.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At August 31, 2021 and 2020, there were no uncertain tax positions that require accrual.

Revenue Recognition

The Club’s revenue under contracts with customers are comprised of membership dues and fees for goods and services such as food and beverage and other activities. Membership dues are billed to members on an annual basis and are recognized as revenue over time in the period in which the dues apply. The Club satisfies its performance obligations related to membership dues by providing access to the Club and its activities on a monthly basis. Fees for goods and services are billed to the members on a monthly basis and are recognized at the point in time in the period that the goods are transferred, or the services are performed.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Club's contracts with customers generally do not contain variable consideration. Contract liabilities, consisting of deferred revenue for membership dues, fees, and deposits received in advance amounted to \$97,021 and \$96,699 at August 31, 2021, and 2020, respectively.

Initiation Fees

Initiation fees are used to fund the Club's capital expenditures and improvement of the Club's facilities. The Club records these fees as capital transactions when billed to the member and are displayed in Other Activities on the Statement of Activities and Changes in Members' Equity.

Functional Expenses

Costs of providing the membership and support activities have been reported in Note 8 on a functional basis by natural classification. Costs have been allocated between various programs and support services on several basis and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Government Grants and Assistance

Effective September 1, 2019, the Club adopted ASC 958-605, Not for Profit Entities – Revenue Recognition, to account for proceeds received from government assistance programs as permitted by US GAAP when there is a lack of authoritative guidance under US GAAP. Proceeds from government grants and assistance are recognized in income when there is reasonable assurance that the Club has substantially met all grant conditions.

COVID-19

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on the Club's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape.

Due to the COVID-19 pandemic, the Club adhered to the state's orders and closed the Club for operations in March 2020. The Club was able to offer carry out food and beverage services during this time. In June 2020, the Club was able to open its dining to members, limiting to 50% capacity in accordance with the state's orders. In June 2021, the Club was able to open its indoor dining without any restrictions.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

COVID-19 (Continued)

As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the Club's finances. However, if the pandemic continues to evolve into a severe worldwide health crisis, the disease could have a material adverse effect on the Club's activities, results of operations, financial condition, and cash flow.

CARES Act

On March 27, 2020, the Coronavirus Aid Relief and Economic Securities Act ("CARES Act") was signed into law. The CARES Act contains a business relief provision, known as the employee retention payroll tax credit, to encourage businesses to keep employees on their payroll. This refundable tax credit is 50% of up to \$10,000 in wages of each employee paid by an eligible employer whose business has been financially impacted by COVID-19 through December 31, 2020. Effective January 1, 2021, this refundable payroll tax credit was 70% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19 for each quarter. The Club qualified for these credits and recognized \$165,408 and \$43,349 in payroll tax credits for the years ended August 31, 2021 and 2020, respectively.

In addition to the employee retention credit, the CARES Act permitted a deferral of paying the employer portion of social security tax. The Club deferred paying social security tax which amounted to \$11,521 and \$9,633 at August 31, 2021 and 2020, respectively. The Club is required to pay 50% of the deferral by December 31, 2021 and the remaining amount by December 31, 2022.

Subsequent Events

The Club has performed a review of events subsequent to the statement of financial position date through November 19, 2021, the date the financials were available to be issued.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 2 – INVENTORIES

Inventories consist of the following at:

	August 31,	
	2021	2020
Beverage	\$ 40,106	\$ 36,406
Food	23,500	18,479
China and flatware	27,428	27,428
	<u>\$ 91,034</u>	<u>\$ 82,313</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at:

	August 31,	
	2021	2020
Land	\$ 301,202	\$ 301,202
Building and improvements	1,300,474	1,300,474
Machinery and equipment	378,524	378,524
Computer equipment	36,970	36,970
	2,017,170	2,017,170
Less accumulated depreciation and amortization	<u>1,518,798</u>	<u>1,471,984</u>
Total property and equipment - net	<u>\$ 498,372</u>	<u>\$ 545,186</u>

NOTE 4 – INVESTMENTS

Investments consist of the following:

	Cost	Fair Value	Unrealized Gain
Mutual Funds			
August 31, 2021	<u>\$ 145,577</u>	<u>\$ 145,943</u>	<u>\$ 366</u>
August 31, 2020	<u>\$ 145,048</u>	<u>\$ 145,414</u>	<u>\$ 366</u>

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 5 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* 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 Club has the ability to access.

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 specific (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.

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.

Following is a description of the valuation methodologies used for assets measured at fair value.

Level 1 assets include equity, bond and other funds for which quoted prices are readily available.

The Club's investments in mutual funds of \$145,943 and \$145,414 and are categorized as Level 1 assets within the fair value hierarchy at August 31, 2021 and 2020, respectively. There were no Level 2 or 3 assets or liabilities held by the Club at August 31, 2021 and 2020.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 6 – LONG-TERM DEBT

In July 2020, the Club entered into a loan agreement with the Small Business Administration (“SBA”) for an Economic Injury Disaster Loan (“EIDL”).

The Club received proceeds of \$125,300 to be used for working capital purposes. Monthly payments of \$514, including interest at 2.75% commence in July 2022. The loan matures in July 2050 and is secured by all tangible and intangible personal property of the Club. In connection with the application of the loan, the Club received an EIDL advance of \$10,000 in fiscal year 2020, which did not require repayment.

Estimated future principal payments on the long-term debt are as follows:

Years ending August 31,	Amount
2022	\$ 436
2023	2,724
2024	2,801
2025	2,871
2026	2,961
Subsequent to 2025	<u>113,507</u>
	<u><u>\$ 125,300</u></u>

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Club’s financial assets available within one year of the balance sheet date for general expenditures are as follows:

	August 31,	
	<u>2021</u>	<u>2020</u>
Cash	\$ 373,447	\$ 257,860
Accounts receivable	70,767	88,234
Investments	<u>145,943</u>	<u>145,414</u>
	<u><u>\$ 590,157</u></u>	<u><u>\$ 491,508</u></u>

The Club has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 8 – FUNCTIONAL EXPENSES

The Club provides various services to its members. Expenses related to providing services are as follows as of August 31, 2021:

	Membership Activities	Supporting Activities	Total
Wages	\$ 262,935	\$ 120,531	\$ 383,466
Payroll taxes and related benefits	63,402	29,064	92,466
Cost of goods sold	350,748	-	350,748
Depreciation and amortization	37,451	9,363	46,814
Utilities	52,502	13,126	65,628
Repairs and maintenance	9,610	44,812	54,422
Property taxes	34,847	8,712	43,559
Interest expense	2,757	689	3,446
Miscellaneous	120,133	136,691	256,824
	<u>\$ 934,385</u>	<u>\$ 362,988</u>	<u>\$ 1,297,373</u>

Expenses related to providing services are as follows as of August 31, 2020:

	Membership Activities	Supporting Activities	Total
Wages	\$ 330,614	\$ 112,067	\$ 442,681
Payroll taxes and related benefits	80,611	27,324	107,935
Cost of goods sold	437,710	-	437,710
Depreciation and amortization	37,767	9,442	47,209
Utilities	53,527	13,382	66,909
Repairs and maintenance	7,104	39,184	46,288
Property taxes	34,900	8,725	43,625
Miscellaneous	142,560	124,530	267,090
	<u>\$ 1,124,793</u>	<u>\$ 334,654</u>	<u>\$ 1,459,447</u>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation that have been based on direct identification and utilization. Payroll taxes and related benefits have been allocated based on a percentage of salaries between membership and supporting services. Depreciation and amortization, property taxes and utilities have been allocated based on a square footage basis. All other expenses are allocated based on direct utilization and identification.

HURON RIVER HUNTING AND FISHING CLUB
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

NOTE 9 – 401(k) PROFIT SHARING PLAN

The Club maintains a 401(k)-plan covering substantially all of its employees. The Club did not make any contributions to the plan for the years ended August 31, 2021 and 2020.