

**REVIEWED FINANCIAL STATEMENTS**

**PRESQUE ISLE LIGHT STATION  
Erie, Pennsylvania**

**December 31, 2020**

## CONTENTS

### REVIEWED FINANCIAL STATEMENTS:

INDEPENDENT ACCOUNTANTS' REVIEW REPORT.....	3
STATEMENT OF FINANCIAL POSITION.....	4
STATEMENT OF ACTIVITIES .....	5
STATEMENT OF FUNCTIONAL EXPENSES.....	6
STATEMENT OF CASH FLOWS .....	7
NOTES TO FINANCIAL STATEMENTS .....	8



Telephone (814) 454-6317

403 West 10<sup>th</sup> Street  
Erie, PA 16502-1302

Fax (814) 454-5421

DALE R. DEMARCO  
RICHARD F. WACHTER  
STEPHEN J. BARR

GEORGE F. WACHTER (2011)

Board of Directors  
Presque Isle Light Station  
Erie, Pennsylvania

### INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying financial statements of Presque Isle Light Station (a Nonprofit Organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows for the year 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 the Company's 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 the 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 review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

  
Certified Public Accountants

November 12, 2021  
Erie, Pennsylvania

**STATEMENT OF FINANCIAL POSITION**  
**PRESQUE ISLE LIGHT STATION**  
**December 31, 2020**

ASSETS

Current Assets:

Cash		\$ 220,038
Inventory (Note 1)		14,636
	Total Current Assets	234,674

Property and improvements (Note 2)	396,347
	\$ 631,021

LIABILITIES

Current Liabilities:

Accrued Expenses		3,213
Sales tax payable		\$ 21

Total Current Liabilities	3,234
---------------------------	-------

Long-Term Liabilities:

Notes Payable-SBA (Note 3)		70,600
----------------------------	--	--------

Net Assets:

Without Donor Restrictions:

Undesignated		\$ 509,573	
Designated by the governing board for restorations		47,614	557,187

Total Liabilities and Net Assets	\$ 631,021
----------------------------------	------------

See Accountants' Review Report.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF ACTIVITIES**  
**PRESQUE ISLE LIGHT STATION**  
**For the year ended December 31, 2019**

Unrestricted Net Assets

Support:		
Grants		\$ 44,732
Memberships		15,706
Contributions		<u>42,186</u>
Total Support		102,624
Revenue:		
Gift Shop sales (Net of cost of sales of \$7,587)		2,566
Miscellaneous		<u>74</u>
Total Revenue		<u>2,640</u>
Total Support and Revenue		<u>105,264</u>

Expenses

Program services:		
Lighthouse restoration and education		51,149
Supporting services:		
Management and general		50,999
Fund raising		<u>34,973</u>
Total Expenses		<u>137,121</u>
Decrease in Net Assets without donor restrictions		<u>(31,857)</u>
Decrease in Net Assets		(31,857)
Net Assets at Beginning of Year		<u>589,044</u>
Net Assets at End of Year		<u><u>\$ 557,187</u></u>

See Accountants' Review Report.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES**  
**PRESQUE ISLE LIGHT STATION**  
**For the year ended December 31, 2020**

	<u>Program Services</u>	<u>Support Services</u>	<u>Total Expenses</u>
	<u>Lighthouse Restoration and Education</u>	<u>Management and General</u>	<u>Fundraising</u>
Salaries and Employee Benefits:			
Salaries and wages	\$ 18,018	\$ 18,019	\$ 45,047
Payroll taxes and benefits	<u>10,264</u>	<u>10,263</u>	<u>25,659</u>
	<u>28,282</u>	<u>28,282</u>	<u>70,706</u>
Other Operating Expenses:			
Advertising and Promotion	212	212	7,698
Insurance	2,169	2,169	1,084
Telephone	493	492	246
Occupancy	3,038	3,039	1,519
Travel	86	86	43
Supplies	864	865	432
Volunteer expense	328		328
Dues and fees	688	687	1,677
Printing and Publications	3,094	3,095	1,547
Legal and professional	900	900	1,800
Postage and Shipping	942	942	2,298
Web site and internet	568	569	1,421
Depreciation	8,834	8,834	22,085
Members Appreciation Event		827	2,059
Miscellaneous	<u>651</u>	<u>827</u>	<u>2,264</u>
	<u>22,867</u>	<u>22,717</u>	<u>20,831</u>
<b>Total Expenses</b>	<b>\$ 51,149</b>	<b>\$ 50,999</b>	<b>\$ 137,121</b>

See Accountants' Review Report.

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**PRESQUE ISLE LIGHT STATION**  
**For the year ended December 31, 2020**

Cash Flows from Operating Activities:

Change in net assets	\$ (31,857)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	22,085
Increase in inventory	(4,844)
Increase in Accrued Expenses and Sales Tax Payable	<u>3,219</u>
Net cash used by Operating Activities	<u>(11,397)</u>

Cash Flows from Financing Activities:

Borrowing from SBA	<u>70,600</u>
Net cash (provided) by financing activities	<u>70,600</u>
Increase in cash	59,203

Cash and cash equivalents at Beginning of Year	<u>160,835</u>
--	----------------

Cash and cash equivalents at End of Year	<u><u>\$ 220,038</u></u>
--	--------------------------

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for interest	<u><u>\$ -</u></u>
--	--------------------

See Accountants' Review Report.

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**PRESQUE ISLE LIGHT STATION**  
**December 31, 2020**

Note 1 – Summary of Significant Accounting Principles

A) Organization and Nature of Activities

Presque Isle Light Station (the Organization), is incorporated under the laws of the Commonwealth of Pennsylvania and was created to establish and support efforts in the restoration and presentation of the Erie Lighthouse at Presque Isle State Park; to acquire and maintain safe keeping of the buildings/grounds, artifacts and historical records of the lighthouse and to create educational and recreational opportunities that accurately interpret the maritime history of the lighthouse for all visitors.

B) Unrestricted and Restricted Support and Revenue

Support and revenue are recorded in the Statement of Activities as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support and revenue that is restricted by the donor is reported as an increase in donor restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when the stipulated time restriction ends, or the purpose of the restriction expires, whether or not in the reporting period in which the support is recognized), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as “net assets released from restrictions.” The organization has no donor restricted net assets.

C) Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

D) Functional Expense Allocation

The costs of the Organization’s various activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the activities provided, which are allocated on the basis of time and effort.

E) Cash and Cash Equivalents

The Organization has only cash on hand and demand deposits which are considered cash and cash equivalents in determining the net change in cash on the statement of cash flows.

F) Gift Shop Inventory

Inventory is comprised of Lighthouse memorabilia, books and clothing held for sale in the gift shop and is stated at the lower of first-in first-out cost or market.



Note 1 – Summary of Significant Accounting Principles (Continued)

G) Property and Equipment

The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets of fifteen years or for leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization 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.

H) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I) Income Taxes

The Organization qualifies as an organization exempt from federal and state income tax under Internal Revenue Code Section 501 (c)(3). However, if the Organization has net income from activities not directly related to its tax-exempt purpose, such net income is subject to taxation as unrelated business income.

The Organization has evaluated its tax positions taken for all open tax years. Currently, the 2020, 2019, and 2018 tax years are open and subject to examination by the Internal Revenue Service and the Pennsylvania Department of Revenue. The Organization is not currently under audit, nor has the Organization been contacted by any jurisdiction.

Based on the evaluation of the Organization's tax positions and tax elections made, management believes all positions taken would be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended December 31, 2020.

J) Concentration of Credit Risk

The Organization conducts its fund-raising and program activities primarily in Northwestern Pennsylvania. The Organization maintains its cash in One Financial Institution in Erie, Pennsylvania. The cash is insured up to \$250,000. At December 31, 2020, the Organization had no uninsured cash.

K) Subsequent Events

Subsequent events have been evaluated through November 12, 2021, which is the date the financial statements were available to be issued.

L) Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair market value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended December 31, 2020.

Note 2 – Property and Improvements

Property and equipment consist of the following at December 31, 2020:

Furniture and Equipment	\$ 7,985
Leasehold improvements	422,242
Landscaping	<u>21,178</u>
	451,405
Less accumulated depreciation and amortization	<u>55,058</u>
	<u>\$ 396,347</u>

Depreciation expense totaled \$ 22,085 for the year ended December 31, 2020.

Note 3 – Note Payable-SBA

The note Payable to the SBA requires monthly payments of approximately 256.50 Including interest at an annual Rate of 1.75% Beginning in 2022.

The Principal Maturities of the note are as follows:

2021	\$ -0-
2022	706
2023	1,867
2024	1,897
2025	1,934
Beyond 2025	<u>64,196</u>
	<u>\$ 70,600</u>

Note 4- Leases

Presque Isle Station leases the Presque Isle Lighthouse and related land under a lease for thirty-five years at a rate of \$ 100 per year through 2049. The minimum future lease payments for the years ending December 31 are as follows:

2021	\$ 100
2022	100
2023	100
2024	100
2025	100
Beyond 2025	<u>2,500</u>
	<u>\$ 3,000</u>

Note 5- Related Party Transactions

During the year ended December 31, 2020, the Organization purchased books for the gift shop from a member of the Board of Directors.

Note 6- Quantitative and Qualitative Information About Availability

The below reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts that are not available also include board designated amounts that could be used if the Board approves the use.

Financial assets at year end	\$ 222,038
Less those unavailable for general expenditures within one year:	(3,234)
Sales Tax Payable and Accrued Expenses	
Board designated for restorations	( 47,614)
Financial assets available to meet cash needs	
For general expenditures within one year	<u>\$ 171,190</u>

Note 7—Implications of Covid-19 on the Organization

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state, and local governments and private entities mandating various restrictions. The Pandemic adversely affected the operations and the financial condition of the Organization. As a result, no Lighthouse tours could be conducted and the Organization obtained a low Interest loan from the SBA (see Note 3). Depending on the duration of the Pandemic, the Organization may experience further negative results in 2021 and after.