

FOREST PINES HOMEOWNERS ASSOCIATION

Financial Statements
For the Five Months Ended
May 31, 2019
(With Accountant's Compilation Report)

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Accountant's Compilation Report

To the Board of Directors
Forest Pines Homeowner's Association

Management is responsible for the accompanying financial statements of Forest Pines Homeowners Association, which comprises the balance sheet as of May 31, 2019 and the related statements of revenues and expenses, and changes in fund balance for the five months then ended, and the related notes to 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.

With the exception of Note 1, Management has elected to omit substantially all of the disclosures and statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The supplementary information about future repairs and replacements is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have compiled the supplementary information from information that is the representation of management of Forest Pines Homeowners Association, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent of Forest Pines Homeowners Association.

June 21, 2019
Incline Village, NV

FOREST PINES CONDOMINIUM HOME OWNERS ASSOCIATION

BALANCE SHEET As of May 31, 2019

ASSETS

	Operating	Reserve	Rental Unit	Total
Current Assets				
Cash in Bank	\$ 145,547	\$ 349,035	\$ -	\$ 494,582
Money Market - Umpqua	-	246,120	-	246,120
Petty Cash	300	-	-	300
Total Cash and Cash Equivalents	145,847	595,155	-	741,002
Dues Receivable	8,190	-	-	8,190
Due from Operating	-	9,380	27,580	36,960
Due from Reserve	14,773	-	-	14,773
Due from Rental Unit	10,958	-	-	10,958
Prepaid Insurance	6,410	-	-	6,410
Prepaid Miscellaneous Expense	1,505	-	-	1,505
Prepaid Property Tax	693	-	-	693
Total Current Assets	188,376	604,535	27,580	820,491
Fixed Assets				
Fixed Assets	18,962	106,347	48,476	173,785
Accumulated Depreciation	(15,970)	(96,488)	(48,230)	(160,688)
Total Fixed Assets	2,992	9,859	246	13,097
Other Assets				
Deposits	600	-	-	600
Total Other Assets	600	-	-	600
TOTAL ASSETS	\$ 191,968	\$ 614,394	\$ 27,826	\$ 834,188

LIABILITIES AND FUND BALANCE

	Operating	Reserve	Rental Unit	Total
Current Liabilities				
Accounts Payable	\$ 7,665	\$ 6,626	\$ -	\$ 14,291
Prepaid Dues	55,650	-	-	55,650
Rental Unit - Security Deposit	-	-	-	-
Due to Reserve	9,380	-	-	9,380
Due to Operating	-	14,773	10,958	25,731
Due to Rental Unit	27,580	-	-	27,580
Payroll Liabilities	2,946	-	-	2,946
Total Current Liabilities	103,221	21,399	10,958	135,578
Total Liabilities	103,221	21,399	10,958	135,578
Fund Balance	88,747	592,995	16,868	698,610
TOTAL LIABILITIES AND FUND BALANCE	\$ 191,968	\$ 614,394	\$ 27,826	\$ 834,188

FOREST PINES CONDOMINIUM HOME OWNERS ASSOCIATION

**Statement of Revenues and Expenses
For the One and Five Months Ended May 31, 2019**

	For the Month Ended May 31, 2019	For the Five Months Ended May 31, 2019
Operating Revenue/Expense		
Operating Revenue		
Homeowner Dues	\$ 56,170	\$ 280,850
Late Fees	100	300
Transfer Fees	-	1,000
Dues Allocated to Reserve	(6,850)	(34,250)
Total Operating Revenue	\$ 49,420	\$ 247,900
Operating Expense		
Accounting	2,200	11,175
Bank Charges	23	179
Building and Ground maintenance	2,119	4,878
Director's Meeting	-	147
Insurance - Casualty	3,909	19,643
Insurance - Employee Medical	500	2,500
Insurance - Workers Compensation	657	3,174
Janitorial	(135)	-
Legal	-	2,400
Licenses and Permits	640	690
Miscellaneous Expense	-	894
Office Expense	320	1,585
Payroll Expenses	19,308	70,504
Payroll Taxes	1,993	9,101
Pool and Jacuzzi	113	1,978
Security	500	2,776
Snow Removal Labor	-	17,212
Telephone Expense	239	1,210
Trash Removal	1,523	7,905
Utilities - IVGID	11,425	57,875
Utilities - Gas	384	3,941
Utilities - Electricity	1,303	6,889
Vehicle Expense	1,098	5,505
Total Operating Expense	48,119	232,161
Excess of Operating Revenues over Expenses	\$ 1,301	\$ 15,739

FOREST PINES CONDOMINIUM HOME OWNERS ASSOCIATION

**Statement of Revenues and Expenses
For the One and Five Months Ended May 31, 2019**

Reserve Fund

	<u>For the Month Ended May 31, 2019</u>	<u>For the Five Months Ended May 31, 2019</u>
Reserve Revenue		
Interest Income - Reserve	\$ 32	\$ 154
Reserve Dues	6,850	34,250
Total Reserve Revenue	<u>6,882</u>	<u>34,404</u>
Reserve Expense		
Building Repairs	-	500
Landscaping	694	2,297
Office Supply	121	121
Pool and Spa Repair	1,137	1,137
Total Reserve Expense	<u>1,952</u>	<u>4,055</u>
Excess (Deficiency) of Revenues over/(under) Expenses	<u>\$ 4,930</u>	<u>\$ 30,349</u>

Rental Unit

	<u>For the Month Ended May 31, 2019</u>	<u>For the Five Months Ended May 31, 2019</u>
Rental Revenue		
Rental Revenue	\$ -	\$ 8,400
Total Rental Revenue	<u>-</u>	<u>8,400</u>
Rental Expenses		
General Maintenance	280	652
Insurance	34	164
Property Tax	200	996
Utilities	16	16
Total Rental Expense	<u>530</u>	<u>1,828</u>
Deficiency of Revenues under Expenses	<u>\$ (530)</u>	<u>\$ 6,572</u>

FOREST PINES CONDOMINIUM HOME OWNERS ASSOCIATION

Statement of Changes in Fund Balance
For the Five Months Ended May 31, 2019

	<u>Operating</u>	<u>Reserve</u>	<u>Rental Unit</u>	<u>Total</u>
Fund Balance, Beginning of Year	\$ 73,008	\$ 562,646	\$ 10,296	\$ 645,950
Excess of Revenues over Expenses	15,739	30,349	6,572	52,660
Fund Balance, May 31, 2019	<u>\$ 88,747</u>	<u>\$ 592,995</u>	<u>\$ 16,868</u>	<u>\$ 698,610</u>

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NOTES TO THE FINANCIAL STATEMENTS

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FOREST PINES HOMEOWNERS ASSOCIATION

Notes to the Financial Statements
May 31, 2019
(See Accountant's Compilation Report)

Note 1

The Association is subject to audit for the fiscal year January 1, 2018 through December 31, 2018. Financials for the year ended December 31, 2018 were compiled from information provided by management. Audit adjustments proposed from the auditors may change account balances for the year ended December 31, 2018 and those changes may be material.

SUPPLEMENTARY SCHEDULES

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FOREST PINES HOMEOWNERS ASSOCIATION

Supplementary Information on Future Major
Repairs and Replacements (Compiled)
May 31, 2019

The Association's board of directors engaged Better Reserve Consultants who conducted a reserve study in September 2014 to estimate the remaining useful lives and the replacement costs of the components of common property. Better Reserve Consultants used the threshold funding method with a 2.5% annual inflation rate. Items with a useful life greater than 30 years from the date of the study are not included in this study.

Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the component will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property (amounts are rounded to the nearest thousand dollars).

<u>Reserve Items</u>	<u>Today's Cost</u>	<u>Estimated Remaining Life</u>	<u>Estimated Life When New</u>	<u>Replacement Cost</u>
Asphalt - Overlay	\$ 220,318	15	25	\$ 319,086
Asphalt - Striping	2,250	3	4	2,388
Asphalt - Surface Maintenance	31,474	3	4	33,400
Barbeque Area - Picnic Tables	750	10	20	960
Barbeque Area - BBQ's	1,500	10	20	1,920
Clubhouse - Boiler Heating	10,000	14	20	14,130
Clubhouse - Carpet/Flooring	15,000	14	20	21,195
Clubhouse - Electrical System	2,000	24	30	3,617
Clubhouse - Office Equipment	2,000	4	4	2,165
Clubhouse - Restroom Remodel	6,000	15	20	8,690
Clubhouse - Security System	2,500	2	5	2,627
Clubhouse - Water Heater	1,500	5	10	1,697
Common Area - Trash Cans	11,000	10	15	14,081
Common Area - Fencing	20,000	15	25	28,966
Common Area - Fire Hydrants	21,000	5	40	23,760
Common Area - Light Posts	15,000	14	20	21,495
Common Area - Major Landscaping	10,000	1	30	10,250
Common Area - Landscape/Irrigation	7,500	2	1	7,880
Common Area - Utility Line	5,000	1	2	5,125
Common Area - Wrought Iron	12,000	23	40	21,175
Exterior - Deck and Balcony	20,000	4	5	22,076
Exterior - Lights and Fixtures	13,500	14	20	19,075

FOREST PINES CONDOMINIUM
HOME OWNERS ASSOCIATION

Supplementary Information on Future Major
Repairs and Replacements (Compiled, continued)
May 31, 2019

<u>Reserve Items</u>	<u>Today's Cost</u>	<u>Estimated Remaining Life</u>	<u>Estimated Life When New</u>	<u>Replacement Cost</u>
Exterior – Painting	\$ 164,400	5	10	\$ 186,004
Exterior – Flat Roof Replacement	436,800	8	22	532,198
Exterior – Gutter Repair	8,000	4	10	8,831
Exterior – Roof Replacement	576,800	8	30	702,775
Exterior – Stairs and Railings	27,500	14	15	36,286
First Aid – Defibrillator	3,000	8	10	3,655
Garage/Equipment – Bobcat	40,000	7	10	47,547
Garage/Equipment – Electrical	1,000	5	10	1,131
Garage/Equipment – Garage Door	1,000	12	20	1,345
Garage/Equipment – Snow Blower	5,500	7	10	6,538
Garage/Equipment – Truck	38,500	2	7	40,449
Garage/Equipment – Truck Plow	10,000	4	7	11,038
Pool Area – Jacuzzi Heater	2,500	4	5	2,706
Pool Area – Jacuzzi Lift	8,000	14	20	11,304
Pool Area – Jacuzzi Pump	1,500	5	10	1,697
Pool Area – Jacuzzi Resurface	15,000	15	20	21,724
Pool Area – Pool Cover	2,000	5	10	2,263
Pool Area – Pool Deck Repair	1,500	3	4	1,615
Pool Area – Pool Filter	750	1	10	769
Pool Area – Pool Furniture	3,500	4	10	3,863
Pool Area – Pool Heater	5,000	4	5	5,412
Pool Area – Pool Resurface	12,000	7	10	14,264
Pool Area – Pool Wrought Iron	6,500	24	30	11,757
Reserve Study – Full	3,000	4	5	3,247
Reserve Study – Annual Update	600	0	1	600
	<u>\$ 1,795,642</u>			<u>\$ 2,244,776</u>

FOREST PINES CONDOMINIUM HOME OWNERS ASSOCIATION

**Statement of Revenues and Expenses
Budget vs. Actual
For the Five Months Ended May 31, 2019**

Reserve Fund

	<u>For the Five Months Ended May 31, 2019</u>	<u>Budget</u>	<u>\$ Over (Under) Budget</u>
Reserve Revenue			
6020 Interest Income - Reserve	\$ 154	\$ -	\$ 154
6220 Reserve Dues	34,250	34,250	-
Total Reserve Revenue	<u>34,404</u>	<u>34,250</u>	<u>154</u>
Reserve Expense			
7011 Building Repairs	500	8,000	(7,500)
7031 Landscaping	2,297	3,000	(703)
7010 Office Supply	121	-	121
7030 Stair and Step Repairs	-	3,000	(3,000)
7057 Pool and Spa Repair	1,137	-	1,137
Total Reserve Expense	<u>4,055</u>	<u>14,000</u>	<u>(9,945)</u>
Excess of Income over Expenses	<u>\$ 30,349</u>	<u>\$ 20,250</u>	<u>\$ 10,099</u>

Rental Unit

	<u>For the Five Months Ended May 31, 2019</u>	<u>Budget</u>	<u>\$ Over (Under) Budget</u>
Rental Revenue			
6400 Rental Revenue	\$ 8,400	\$ 10,000	\$ (1,600)
Total Rental Revenue	<u>8,400</u>	<u>10,000</u>	<u>(1,600)</u>
Rental Expenses			
7415 General Maintenance	652	1,800	(1,148)
7420 Insurance	164	143	21
7440 Property Tax	996	975	21
7425 Utilities	16	-	16
Total Rental Expenses	<u>1,828</u>	<u>2,918</u>	<u>(1,090)</u>
Excess of Revenues over Expenses	<u>\$ 6,572</u>	<u>\$ 7,082</u>	<u>\$ (510)</u>

FOREST PINES CONDOMINIUM HOME OWNERS ASSOCIATION

**Statement of Revenues and Expenses
Budget vs. Actual
For the Five Months Ended May 31, 2019**

	For the Five Months Ended May 31, 2019	Budget	\$ Over (Under) Budget
Operating Revenue/Expense			
Operating Revenue			
4020 Homeowner Dues	\$ 280,850	\$ 280,850	\$ -
4055 Late Fees	300	-	300
4030 Transfer Fees	1,000	-	1,000
4090 Miscellaneous Revenue	-	-	-
4025 Dues Allocated to Reserve	(34,250)	(34,250)	-
Total Operating Revenue	<u>247,900</u>	<u>246,600</u>	<u>1,300</u>
Operating Expense			
5210 Accounting	11,175	14,583	(3,408)
5000 Bank Charges	179	83	96
5120 Building and Ground Maintenance	4,878	6,250	(1,372)
5260 Directors Meeting	147	833	(686)
5220 Insurance - Casualty	19,643	25,833	(6,190)
5221 Insurance - Employee Medical	2,500	2,500	-
5222 Insurance - Workers Compensation	3,174	2,500	674
5180 Janitorial	-	625	(625)
5200 Legal	2,400	-	2,400
5290 Licenses and Permits	690	1,250	(560)
5320 Miscellaneous	894	-	894
5190 Office Expense	1,585	2,917	(1,332)
5020 Payroll Expenses	70,504	93,750	(23,246)
5030 Payroll Taxes	9,101	12,917	(3,816)
5170 Pool and Jacuzzi	1,978	1,650	328
5360 Security	2,776	-	2,776
5023 Snow Removal	17,212	9,333	7,879
5110 Telephone Expense	1,210	833	377
5090 Trash Removal	7,905	10,000	(2,095)
5040 Utilities - IVGID	57,875	58,334	(459)
5050 Utilities - Gas	3,941	4,167	(226)
5060 Utilities - Electricity	6,889	8,333	(1,444)
5150 Vehicle Expense	5,505	1,667	3,838
Total Operating Expense	<u>232,161</u>	<u>258,358</u>	<u>(26,197)</u>
Excess (Deficiency) of Operating Revenues over (under) Expenses	<u>\$ 15,739</u>	<u>\$ (11,758)</u>	<u>\$ (24,897)</u>