

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION

REPORT FOR THE YEAR ENDED

DECEMBER 31, 2017

Michigan Community CPA
4096 Bold Meadows
Oakland Township, MI 48306
Thomas McMillin, CPA

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION

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Thomas McMillin, CPA

Independent Accountants' Review Report

To the Board of Directors and Members
Raintree Village Homeowners Association

We have reviewed the accompanying financial statements of Raintree Village Homeowners Association, which comprise the balance sheet as of December 31, 2017, and the related statements of revenues, expenses, and changes in members' equity 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 Association 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 on the Financial Statements

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 accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The schedule of revenue and schedule of expenditures are presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made to them.

Required Supplementary Information

Accounting principles generally accepted in the United States require that supplementary information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The Association has not presented this supplementary information.

Michigan Community CPA

Oakland Township, Michigan
April 13, 2018

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION

BALANCE SHEET
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

CASH AND CASH EQUIVALENTS

Checking Account	<u>\$ 39,101</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 39,101</u>

ACCOUNTS RECEIVABLE

Accounts Receivable	<u>\$ 2,357</u>
TOTAL ACCOUNTS RECEIVABLE	<u>\$ 2,357</u>

PREPAID EXPENSES

Prepaid Expenses	<u>\$ 16</u>
TOTAL PREPAID EXPENSES	<u>\$ 16</u>

TOTAL CURRENT ASSETS	<u>\$ 41,474</u>
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TOTAL ASSETS	<u><u>\$ 41,474</u></u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	<u>\$ 2,847</u>
Prepaid Assessments	<u>680</u>
TOTAL CURRENT LIABILITIES	<u>\$ 3,527</u>

TOTAL LIABILITIES	<u>\$ 3,527</u>
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MEMBERS' EQUITY	<u>\$ 37,947</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 41,474</u></u>
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See Independent Accountants' Review Report and accompanying notes

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUES	<u>\$ 21,488</u>
EXPENDITURES	
Administrative	\$ 11,732
Maintenance and Repairs	13,267
Insurance	<u>4,113</u>
TOTAL EXPENDITURES	<u>\$ 29,112</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (7,624)</u>
MEMBERS' EQUITY - Beginning	<u>\$ 45,571</u>
MEMBERS' EQUITY - Ending	<u><u>\$ 37,947</u></u>

See Independent Accountants' Review Report and accompanying notes

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:

Net excess of revenues (expenditures) \$ (7,624)

Adjustments to reconcile excess of revenues over
expenditures to net cash used by operating activities:

(Increase) decrease in:

Accounts Receivable 2,623
Prepaid Expenses (16)

Increase (decrease) in:

Accounts Payable 2,847
Prepaid Assessments 322

Net cash provided (used) by operating activities \$ (1,848)

Cash flows from investing activities: -

Cash flows from financing activities: -

Net increase (decrease) in cash \$ (1,848)

Cash, beginning of year \$ 40,949

Cash, end of year \$ 39,101

See Independent Accountants' Review Report and accompanying notes

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1: NATURE OF ORGANIZATION

Raintree Village Homeowners Association (the "Association") is an association incorporated under the laws of the State of Michigan and operated to perform those services normally associated with this type of association, which includes preserving and maintaining the common property of the Association. The Association consists of 810 lots located in Troy, Michigan.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represent fees due from members, while assessments received in advance represent future fees paid in advance by members. The Association's policy is to retain legal counsel and place liens or foreclose on the units of members whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future years.

Property and Equipment

The Association records and depreciates only personal property assets to which the association has title. It currently does not have title to any personal property assets. Common property of the Association is not recognized as property and equipment for depreciation.

Income Tax

The Association may, at its election, be taxed as a regular corporation or a homeowners association. This election is made yearly. For the current year, the Association was taxed as a homeowners association. The Association's federal tax return is subject to audit by the Internal Revenue Service. The tax returns for the current and prior two fiscal years remain open for examination by the IRS. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate, based on the current facts and circumstances.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Date of Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Accountants' Report, which is the date that the financial statements were available to be issued.

NOTE 3: FUNDED RESERVES

The Association puts aside funds for future repairs and replacements. The Association has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. These reserve funds may not be adequate for the required major repairs and replacements. The Association may or may not need to borrow, increase maintenance assessments or delay repairs and replacements until funds are available.

NOTE 4: 2018 ADDITIONAL EXPENSES

The Association may spend down a significant portion of their cash during 2018 with projects like sign replacment, attorney fees and pond restoration.

See Independent Accountants' Review Report

SUPPLEMENTAL INFORMATION

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2017

Association Dues	\$ 21,060
Bank Fee Reimbursements	20
Other	<u>408</u>
TOTAL REVENUES	<u><u>\$ 21,488</u></u>

See Independent Accountants' Review Report and accompanying notes

RAINTREE VILLAGE HOMEOWNERS ASSOCIATION

SCHEDULE OF EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2017

ADMINISTRATIVE	
Bank Charges	\$ 20
Bad Debts	34
Small Claims Court Fees	408
Oakland County Register of Deeds	5
CPA Services	1,600
Legal Fees	7,906
Licenses and Permits	20
Postage and Delivery	502
Printing and Reproduction	625
Room Rental	120
Voicemail	190
Website	76
Events	146
Meals and Entertainment	80
TOTAL ADMINISTRATIVE	<u>\$ 11,732</u>
MAINTENANCE AND REPAIRS	
Bishop & Millay Traffic Island	\$ 144
Bishop Entrance Sign Allowance	26
Lawn Maintenance	8,084
Pond	49
Snow Removal	195
Tree Service	1,465
Weed Control	1,439
Parks and Grounds - Other	1,865
TOTAL MAINTENANCE AND REPAIRS	<u>\$ 13,267</u>
INSURANCE	
Insurance	<u>\$ 4,113</u>
TOTAL EXPENDITURES	<u><u>\$ 29,112</u></u>

See Independent Accountants' Review Report and accompanying notes