

BRYANT WOODS HOMEOWNERS ASSOCIATION

Financial Statements

For the Years Ended December 31, 2018 and 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Bryant Woods Homeowners Association

We have reviewed the accompanying financial statements of Bryant Woods Homeowners Association, which comprise the statement of assets, liabilities and fund balance – modified cash basis as of December 31, 2018, and the related statements of cash receipts and disbursements and changes in fund balance – modified cash basis 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 organization 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 engagements 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 the modified cash basis of accounting. 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 accordance with the modified cash basis of accounting.

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Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that estimates of current or future costs of major repairs and replacements of common property that will be required in the future on page 7 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the modified cash basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

Richard Winkel, CPA

August 16, 2019

BRYANT WOODS HOMEOWNERS ASSOCIATION
 STATEMENTS OF ASSETS, LIABILITIES AND FUND
 BALANCE – MODIFIED CASH BASIS

DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 64,684	\$ 54,864
Receivables, net of allowance for doubtful accounts	1,920	474
Prepaid insurance	<u>3,122</u>	<u>3,066</u>
 Total assets	 \$ <u>69,726</u>	 \$ <u>58,404</u>
 LIABILITIES and FUND BALANCE		
Accounts payable	\$ 4,019	\$ 2,312
Homeowner prepayments	<u>-</u>	<u>6,048</u>
 Total liabilities	 4,019	 8,360
 Fund balance	 <u>65,707</u>	 <u>50,044</u>
 Total liabilities and fund balance	 \$ <u>69,726</u>	 \$ <u>58,404</u>

BRYANT WOODS HOMEOWNERS ASSOCIATION

STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN FUND BALANCE – MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH RECEIPTS:		
Member assessments	\$ 120,960	\$ 112,000
Interest income	35	32
Other income	<u>4,078</u>	<u>2,702</u>
Total cash receipts	125,073	114,734
CASH DISBURSEMENTS:		
Pool operations	47,555	46,399
Common area facilities	24,136	32,850
Communications	815	973
Administration	18,901	15,711
Capital improvements	15,000	11,082
Homeowner social events	<u>3,003</u>	<u>2,813</u>
Total cash disbursements	<u>109,410</u>	<u>109,828</u>
Net change in fund balance	15,663	4,906
Fund balance, beginning of year	<u>50,044</u>	<u>45,138</u>
Fund balance, end of year	<u>\$ 65,707</u>	<u>\$ 50,044</u>

BRYANT WOODS HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE A – ORGANIZATION

Bryant Woods Homeowners Association (the Association) was organized as a corporation to operate, manage, maintain and promote the common areas of the Bryant Woods neighborhood in Lake Oswego, Oregon. The subdivision consists of 160 residences, a common area and swimming pool. The Association is responsible for paying all operating expenses of the Association's common area and swimming pool. The Association is not responsible for leasing, property taxes or payment of debt service related to the mortgage financing of the individual homes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Association have been prepared on the modified cash basis of accounting. The modified cash basis of accounting recognizes transactions on the basis of cash receipts and disbursements. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain disbursements and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Capital assets are recorded on the basis of cash disbursements rather than capitalized and depreciated over time.

Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. The Association considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Owners' Assessments

All owners of the units are obligated to pay assessments imposed by the Association to meet common expenses, future capital acquisitions, and major repair and replacement. The annual budget and assessments of the owners are determined by the Board of Directors. The Association retains any excess operating funds at the end of the operating year for use in future periods.

Homeowner assessments and fees are recognized as revenue when payment is received in the year they are due. Assessments that are paid in advance are deferred as revenue until the year they are due. Assessments that are unpaid at the end of the year are recorded as receivables. The Association's policy is to retain legal counsel and place liens on the properties of the owners whose assessments are past due.

Income Taxes

The Association is taxed as a residential real estate association for federal and state taxes.

BRYANT WOODS HOMEOWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of the following at December 31, 2018 and 2017:

		<u>2018</u>		<u>2017</u>
Checking account	\$	17,543	\$	9,536
Money market accounts		<u>47,141</u>		<u>45,328</u>
	\$	<u>64,684</u>	\$	<u>54,864</u>

NOTE D – HOMEOWNER RECEIVABLES

Receivables from homeowners for past due assessments are as follows at December 31, 2018 and 2017:

		<u>2018</u>		<u>2017</u>
Receivables	\$	2,920	\$	1,474
Less allowance for doubtful accounts		<u>(1,000)</u>		<u>(1,000)</u>
	\$	<u>1,920</u>	\$	<u>474</u>

NOTE E – FUTURE MAJOR REPAIRS AND REPLACEMENT COSTS

The Association’s government documents require funds to be accumulated for future major repairs and replacements. Accumulated reserve replacement funds, which aggregate \$47,141 and \$45,328 at December 31, 2018 and 2017, respectively, are generally not available for operating purposes. However, these funds may be used, as needed, for any Association purpose at the discretion of the Board of Directors.

The Association is funding for future repairs and replacements over the estimated remaining useful lives of the components based on the study’s estimates of current replacement costs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, the Association has the authority to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE F – SUBSEQUENT EVENTS

The Association did not have any subsequent events through August 16, 2019, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2018.

SUPPLEMENTARY INFORMATION

BRYANT WOODS HOMEOWNERS ASSOCIATION
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 December 31, 2018

The Board of Directors conducted a study during 2017 to estimate the remaining useful lives and the replacement costs of the components of common property.

The following table is based on the study and presents significant information about the components of common property.

Component/Activity	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Common Area		
Central path knoll refurbish	Annual	\$ 10,000
Common area trails	Annual	6,000
Friendship: refurbish garden	Annual	25,000
Notice board by pool	5-10	8,000
Path resurfacing	5-20	20,000
Path seal	5-10	46,000
Sprinkler system	5-10	14,000
Side walk by pool entrance	5-50	10,000
Total common area		139,000
Swimming Pool		
Big pool heater	5-10	15,000
Big pool refurbish	20	128,000
CAT controller 4000	10-20	21,000
Pool cameras, security, wifi	3-5	5,400
Pool chairs	5-15	28,000
Pool decks	2-10	13,000
Pool fences	15-20	29,000
Pool house bathrooms	15-20	26,000
Pool house roofs	15-20	5,000
Pool house siding	15-20	5,000
Pool key system	3-5	5,000
Pool lifeguard chair	5-10	8,500
Pool light	3-5	5,000
Pool house sheds	10-15	27,000
Small pool heater	5-10	12,000
Small pool refurbish	10-20	33,000
Total swimming pool		365,900
Grand total		\$ 504,900
Reserve fund balance at December 31, 2018		\$ 47,141

See Independent Accountant's Review Report