

**THE CROSSINGS OF OAKLAND
PROPERTY OWNERS ASSOCIATION**

REPORT FOR THE YEAR ENDED

DECEMBER 31, 2020

Michigan Community CPA
4096 Bold Meadows
Oakland Township, MI 48306

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION

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Independent Accountants' Review Report

To the Board of Directors and Members
The Crossings of Oakland Property Owners Association

We have reviewed the accompanying financial statements of The Crossings of Oakland Property Owners Association, which comprise the balance sheet as of December 31, 2020, and the related statements of revenues and expenditures 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 on pages 10-11 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 information is the representation of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Michigan Community CPA

Oakland Township, Michigan

June 2, 2021

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION

BALANCE SHEET
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

CASH AND CASH EQUIVALENTS

Checking account - operating	\$ 43,063
Money Market account - reserve	<u>142,456</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 185,519</u>

ACCOUNTS RECEIVABLE

Accounts Receivable	\$ 6,181
TOTAL ACCOUNTS RECEIVABLE	<u>\$ 6,181</u>

TOTAL CURRENT ASSETS	<u>\$ 191,700</u>
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FIXED ASSETS

Furniture	\$ 34,685
Accumulated Depreciation	<u>(25,792)</u>
TOTAL FIXED ASSETS	<u>\$ 8,893</u>

TOTAL ASSETS	<u><u>\$ 200,593</u></u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accrued Expenses	\$ 4,611
Prepaid Assessments	5,721
Deferred Revenue - Cell Tower Lease (note 4)	<u>13,816</u>
TOTAL CURRENT LIABILITIES	<u>\$ 24,148</u>

LONG-TERM LIABILITIES

Deferred Revenue - Cell Tower Lease (note 4)	<u>\$ 111,896</u>
TOTAL LONG-TERM LIABILITIES	<u>\$ 111,896</u>

TOTAL LIABILITIES	<u>\$ 136,044</u>
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MEMBERS' EQUITY	<u>\$ 64,549</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 200,593</u></u>
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See Independent Accountants' Review Report and accompanying notes

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES	<u>\$ 296,704</u>
EXPENDITURES	
Administrative	\$ 48,350
Landscaping	81,818
Repair and Maintenance	141,246
Utilities	83,982
Insurance	6,380
TOTAL EXPENDITURES	<u>\$ 361,776</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (65,072)</u>
MEMBERS' EQUITY - Beginning	<u>\$ 129,621</u>
MEMBERS' EQUITY - Ending	<u><u>\$ 64,549</u></u>

See Independent Accountants' Review Report and accompanying notes

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:

Net excess of revenues (expenditures) \$ (65,072)

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

Depreciation 2,965

(Increase) decrease in:
Accounts Receivable 3,638

Increase (decrease) in:
Accrued Expenses 4,053
Prepaid Assessments (33,856)
Deferred Revenue - Cell Tower Lease (note 4) (13,816)

Net cash provided (used) by operating activities \$ (102,088)

Cash flows from investing activities:

Cash flows from financing activities:

Net increase (decrease) in cash \$ (102,088)

Cash, beginning of year \$ 287,607

Cash, end of year \$ 185,519

See Independent Accountants' Review Report and accompanying notes

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1: NATURE OF ORGANIZATION

The Crossings of Oakland Property Owners Association (the "Association") is a homeowners association incorporated under the laws of the State of Michigan and operates 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 360 units located in Oakland Township, Michigan.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Member Assessments

Association members are subject to regular 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. 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 requires funds to be accumulated for future repairs and replacements. These funds are maintained in certificates of deposit and money market funds. In 2014, the Association 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. The results of the study are summarized in the supplemental information section to these financial statements. The reserve funds may or may not be adequate for the required major repairs and replacements. The Association may need to borrow, increase maintenance assessments or delay repairs and replacements until funds are available.

NOTE 4: DEFERRED REVENUE

The Association is currently leasing some of the common property to a cable company for a cellular tower. There are two leases which end in 2038 and 2054. Revenue of approximately \$14,000 was recognized during the year ended December 31, 2019 and during the year ended December 31, 2020. The remaining revenue of \$125,712 has been recorded as deferred revenue and will be recognized over the remaining years of the leases.

SUPPLEMENTAL INFORMATION

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2020

Association Fees	\$ 276,150
Collection Processing Fees	100
Bank Fees Reimbursements	30
Late Fees	3,315
Legal Fees Reimbursements	582
Interest	2,536
Cell Tower Lease (note 4)	13,816
Miscellaneous Income	175
TOTAL REVENUES	<u>\$ 296,704</u>

See Independent Accountants' Review Report and accompanying notes

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

ADMINISTRATIVE	
Management Fee	\$ 25,350
Collection Charges	2,550
Decorations	3,643
Office Expense	6,780
Bank Charges	30
Other Administrative Services	1,533
Fees and Permits	20
CPA and Accounting Fees	800
Depreciation	2,965
Legal Fees	2,040
Community Events	645
Federal Income Tax	1,994
TOTAL ADMINISTRATIVE	<u>\$ 48,350</u>
LANDSCAPING	
Grounds	\$ 1,885
Landscape Repair and Maintenance	525
Mowing and Edging	36,400
Tree Removal and Replacement	24,565
Irrigation Repair and Maintenance	1,493
Snow Removal Services - Contract	3,000
Snow Removal and Supplies	13,950
TOTAL LANDSCAPING	<u>\$ 81,818</u>
REPAIR AND MAINTENANCE	
Pool Management	\$ 11,521
Fountain, Pond, Lake Repair and Maintenance	1,000
Gate and Monument Repair and Maintenance	464
Lighting Supplies, Repair and Maintenance	1,758
Mailbox Repair and Maintenance	11,622
Park Repair and Maintenance	1,405
Plumbing Supplies, Repair and Maintenance	540
Pool Supplies and Repair and Maintenance	3,107
Pool Chemicals	2,978
Flags	433
Pools and Spas - Reserve	16,418
Tennis Court - Reserve	90,000
TOTAL REPAIR AND MAINTENANCE	<u>\$ 141,246</u>

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THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
SCHEDULE OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

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UTILITIES	
Electric Service	\$ 5,961
Gas Service	1,317
Water Service	15,512
Trash and Recycling Service	60,475
Telephone Service	717
TOTAL UTILITIES	<u>\$ 83,982</u>
INSURANCE	
Property and Liability Insurance	\$ 6,192
Workers' Compensation Insurance	188
TOTAL INSURANCE AND TAXES	<u>\$ 6,380</u>
TOTAL EXPENDITURES	<u><u>\$ 361,776</u></u>

See Independent Accountants' Review Report and accompanying notes

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2020
(COMPILED)

The Association had a replacement reserve study conducted by an engineering firm during 2014 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The following has been extracted or derived from the Association's replacement reserve study and presents significant information about the components of common property.

<u>Reserve Component Inventory</u>	Life Analysis,		Total Future Costs (30 yrs) of Replacement, \$
	Useful	Remaining Years	
<u>Pool House Components</u>			
Cabinetry and countertops, pool house	30 to 35	16	3,981
Doors, metal, phased replacement, pool house	20 to 30	3	12,450
Exterior renovations, pool house (siding, soffits, fascia, etc.)	35 to 45	18	26,720
Restrooms, renovations, pool house	25 to 30	12	40,163
Roof, gambrel, asphalt shingles & cupolas, pool house	20 to 25	6	13,533
Security system, FOB access, pool house & tennis court	10 to 20	5	8,036
Security system, surveillance, pool house	10 to 15	7	20,441
Water heater, 75-gallon, pool house	10 to 20	15	6,664
Water heater, 100-gallon, pool house	10 to 20	1	12,340
Water softening system, pool house	15 to 20	6	19,496
<u>Site Components</u>			
Asphalt parking lot, repaving, mill and overlay	20 to 30	11	36,053
Asphalt walking path, replacement	20 to 25	13	56,772
Concrete sidewalks, partial replacement	to 65	1	154,823
Cul-de-sacs, phased renovations	15 to 20	2	90,169
Fences, rail-style, vinyl, phased replacements	25 to 30	6	105,197
Irrigation system, phased replacements	30 to 35	5	212,343
Landscape improvements	Varies	7	72,676
Light poles and fixtures	25 to 35	10	13,842
Mailboxes	15 to 20	15	88,978
Playground and site furnishings	15 to 20	8	45,458
Playground, climbing structure	25 to 30	8	2,640
Playground, perimeter edging, timber, replacement	25 to 30	8	18,495
Playground, play structures	25 to 30	8	72,401
Playground, spring-mounted riders	25 to 30	8	1,911
Playground, swing sets	25 to 30	8	13,827
Retaining walls, timber, replacement with segmental masonry	15 to 25	2	58,236
Signage	20 to 25	13	49,304
Sport courts, basketball, backboards, hoops & nets	25 to 30	6	17,014
Sport courts, tennis & basketball, color coat & repairs	4 to 8	4	98,755
Sport courts, tennis & basketball, surface replacement	20 to 25	18	132,496
Sport courts, tennis, fence, chain link	25 to 35	18	19,071
Sport fields, baseball, renovations	8 to 15	4	38,075
Sport fields, soccer, goal replacement	10 to 20	11	4,793
Walking trail, restoration	5 to 10	4	22,849

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See Independent Accountants' Review Report and accompanying notes

THE CROSSINGS OF OAKLAND PROPERTY OWNERS ASSOCIATION
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2020
(COMPILED)

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<u>Reserve Component Inventory</u>	Life Analysis, Years		Total Future Costs (30 yrs) of Replacement, \$
	Useful	Remaining	
<u>Pool Components</u>			
Concrete pool coping, pre-cast	20 to 25	19	14,047
Concrete deck, partial replacement	35 to 45	7	59,705
Pool Furniture, chairs, chaises, tables - replacement	15 to 20	8	89,735
Pool Furniture, chairs, chaises, restrapping	8 to 12	18	19,322
Pool Furniture, umbrellas, fabric	8 to 12	10	76,438
Pool Furniture, umbrellas, frames	20 to 30	10	103,277
Mechanical equipment, pool circulating pumps, chlorinators	8 to 15	3	29,307
Mechanical equipment, pool filters	12 to 18	7	18,284
Mechanical equipment, pool heater	10 to 15	5	22,523
Pool fence, metal, replacement	30 to 35	11	35,026
Pool resurfacing, marcite, pebble sheen finish	12 to 20	19	64,424
Pool storage shed	20 to 30	19	5,214
Waterline tile, pool	to 25	19	16,681
<u>Other Components</u>			
Reserve study update	to 3	3	2,234

See Independent Accountants' Review Report and accompanying notes