

THE HARBOURS
CONDOMINIUM ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021



BENESON & ZELEJI
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Co-Owners of
The Harbours Condominium Association
Keego Harbor, MI

We have reviewed the accompanying financial statements of The Harbours Condominium Association (a Corporation) which comprise the balance sheet as of December 31, 2021, and the related statements of operations, changes in co-owners' equity and cash flows for the twelve months then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to the Association's financial data and making inquiries of the Association'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.

Accountants' 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 principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Harbours Condominium Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.



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Accountants' Conclusion

Based on our review, we are not aware of any material modification 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.

Other Information

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part, of basic financial statements. The Harbours Condominium Association has not presented this supplementary information.

Beneson & Zeleji CPA PLLC

Livonia, MI
February 25, 2022

THE HARBOURS CONDOMINIUM ASSOCIATION

BALANCE SHEET
December 31, 2021

ASSETS

Current Assets

Cash - Operating	\$	18,028.77
Cash - Money Market		71,415.29
Assessments Receivable		55.00
Prepaid Insurance		<u>2,438.53</u>

Total Current Assets \$ 91,937.59

TOTAL ASSETS \$ 91,937.59

LIABILITIES AND CO-OWNERS' EQUITY

Current Liabilities

Assessments Paid in Advance \$ 3,785.00

Total Current Liabilities \$ 3,785.00

Co-Owners' Equity 88,152.59

TOTAL LIABILITIES AND
CO-OWNERS' EQUITY \$ 91,937.59

See Accompanying Notes and
Independent Accountants' Review Report

THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF OPERATIONS

	12 Months Ended December 31, 2021	12 Months Ended Budget
<u>Revenues</u>		
Association Fees	\$ 134,520.00	\$ 134,520.00
Late Charges	550.00	0.00
Boat Dock Fees	500.00	0.00
Interest Income	106.58	0.00
Miscellaneous Income	300.00	0.00
Total Income	<u>135,976.58</u>	<u>134,520.00</u>
<u>Expenses</u>		
<u>Administrative Expenses</u>		
Postage and Mailing	247.10	250.00
Duplicating	565.95	600.00
Management Fees	10,710.00	10,710.00
Legal Fees	1,377.00	300.00
Accounting	900.00	900.00
Website	420.00	420.00
Miscellaneous Administrative	546.80	700.00
Total Administrative Expenses	<u>14,766.85</u>	<u>13,880.00</u>
<u>Operating Expenses</u>		
Electricity	542.96	1,000.00
Water	22,654.76	23,000.00
Rubbish Removal	7,798.68	9,628.00
Total Operating Expenses	<u>30,996.40</u>	<u>33,628.00</u>

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THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF OPERATIONS

	12 Months Ended December 31, 2021	12 Months Ended Budget
<u>Maintenance Expenses</u>		
Electrical Repairs	850.00	500.00
Exterminating	3,041.00	2,800.00
Plumbing	485.69	1,400.00
Grounds	4,608.24	6,000.00
Snow Removal and Supplies	11,760.00	11,760.00
Landscaping	20,458.00	19,000.00
Lawn Fertilization	2,360.00	2,360.00
Sprinkler System Repairs	2,176.60	1,650.00
Structural Repairs	6,988.61	3,000.00
Gutters	379.75	3,000.00
Roof Repairs and Maintenance	0.00	500.00
Painting	0.00	500.00
Trees Removal	5,525.00	4,000.00
Concrete and Asphalt	2,986.00	2,000.00
	<u>61,618.89</u>	<u>58,470.00</u>
<u>Other Expenses</u>		
Insurance	10,667.55	11,965.00
Worker's Compensation Insurance	550.00	550.00
	<u>11,217.55</u>	<u>12,515.00</u>
Total Other Expenses	<u>11,217.55</u>	<u>12,515.00</u>
	<u>118,599.69</u>	<u>118,493.00</u>
Total Expenses	<u>118,599.69</u>	<u>118,493.00</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ 17,376.89</u>	<u>\$ 16,027.00</u>

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THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF CO-OWNERS' EQUITY
For the 12 Months Ended December 31, 2021

Balance - Beginning

Operating	\$	15,486.71
Replacement and Reserve		55,288.99

Excess Revenues over Expenses

17,376.89

Balance - Ending

Operating		16,737.30
Replacement and Reserve		<u>71,415.29</u>

TOTAL

\$ 88,152.59

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THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF CASH FLOWS
For the 12 Months Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess Revenues over Expenses	\$	17,376.89
ADJUSTMENTS TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES		
Decrease in Assessments Receivable		2,826.50
(Increase) in Prepaid Expense		(2,438.53)
Increase in Assessments Paid in Advance		<u>690.00</u>
TOTAL ADJUSTMENTS		<u>1,077.97</u>
NET CASH PROVIDED BY OPERATIONS		18,454.86
CASH AND CASH EQUIVALENTS - BEGINNING		<u>70,989.20</u>
CASH AND CASH EQUIVALENTS - ENDING	\$	<u><u>89,444.06</u></u>

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THE HARBOURS CONDOMINIUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 - NATURE OF ASSOCIATION AND SIGNIFICANT ACCOUNTING POLICIES

Association's Activities - The Harbours Condominium Association is incorporated under the laws of the State of Michigan and operated to perform those services normally associated with this type of Association. These services include preserving and maintaining the common property of the Association. The Association consists of 38 multi-family residential units located in Farmington Hills, Michigan.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles may require that management use estimates that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management Review - Management has evaluated subsequent events through February 25, 2022, the date on which the financial statements were available to be issued.

Assessments Receivable - An allowance for doubtful accounts has not been established as all balances are expected to be collected.

Fixed Assets and Equity Adjustment - Current accounting principles require recording and depreciating only for fixed assets to which the Association has title. The current principles do not recognize common property of the Association as a fixed asset.

Assessments - No designation was made to separate, with regards to owners' payments, the payments to the replacement fund or insurance and working capital reserves.

Income Tax - The Association can elect to be taxed as a regular corporation or a Homeowners Association (under Section 528 of the Internal Revenue Code). This election is made yearly. For 2021, the Association elected to be taxed as a Homeowners Association.

See Independent Accountants' Review Report

THE HARBOURS CONDOMINIUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2 - RESERVE ACCOUNTS

The Association sets asides funds in order to meet future cash requirements. The by-laws of the Association require that an adequate reserve fund for maintenance, repairs and replacements of those common elements that must be replaced on a periodic basis must be established in the budget and must be funded at least annually from the proceeds of the regular monthly assessments. Further, the reserve fund shall, at a minimum, be equal to ten (10) percent of the Association's current annual budget on a non-cumulative basis.

The funds contained in the reserve fund should only be used for major repairs and replacement of common elements. The Association has not made a study of any other future years' funding requirements for major repairs and replacements. Subsequent expenditures may vary from the reserve balance and the variations may be material. As of December 31, 2021, the funds were invested in a CIT Bank money market account with a balance of \$ 71,415.29 and a current interest rate of .15%.

NOTE 3 - CASH AND CASH EQUIVALENTS

For purposes of this statement of cash flows, the Association considers all cash on hand and in the CIT Bank accounts to be cash and cash equivalents.

See Independent Accountants' Review Report