

THE HARBOURS  
CONDOMINIUM ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2023



**BENESON & ZELEJI**  
C.P.A., P.L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

19500 VICTOR PARKWAY  
SUITE 510  
LIVONIA, MI 48152

734.469.4406 PHONE  
734.469.4409 FAX  
WWW.BZCPA.NET

## 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, 2023, 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  
July 2, 2024

THE HARBOURS CONDOMINIUM ASSOCIATION

BALANCE SHEET

December 31, 2023

ASSETS

Current Assets

Cash - Operating	\$	5,438.67
Cash - Money Market		40,021.61
Cash - Certificate of Deposit		71,896.92
Assessments Receivable		5,038.54
Prepaid Insurance		<u>3,421.78</u>

Total Current Assets \$ 125,817.52

TOTAL ASSETS \$ 125,817.52

LIABILITIES AND CO-OWNERS' EQUITY

Current Liabilities

Assessments Paid in Advance \$ 2,723.00

Total Current Liabilities \$ 2,723.00

Co-Owners' Equity 123,094.52

TOTAL LIABILITIES AND  
CO-OWNERS' EQUITY \$ 125,817.52

See Accompanying Notes and  
Independent Accountants' Review Report

THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF OPERATIONS

	12 Months Ended December 31, 2023	12 Months Ended Budget
<u>Revenues</u>		
Association Fees	\$ 148,200.00	\$ 148,200.00
Additional Assessment	15,960.00	15,960.00
Late Charges	550.00	0.00
Boat Dock Fees	250.00	300.00
Interest Income	2,122.19	0.00
Total Revenues	<u>167,082.19</u>	<u>164,460.00</u>
<u>Expenses</u>		
<u>Administrative Expenses</u>		
Postage and Mailing	251.10	175.00
Duplicating	663.24	650.00
Management Fees	11,807.88	11,807.00
Legal Fees	1,180.00	0.00
Accounting	1,050.00	1,000.00
Website	420.00	420.00
Miscellaneous Administrative	718.54	700.00
Total Administrative Expenses	<u>16,090.76</u>	<u>14,752.00</u>
<u>Operating Expenses</u>		
Electricity	538.99	600.00
Water	22,725.86	23,000.00
Rubbish Removal	5,758.92	8,000.00
Total Operating Expenses	<u>29,023.77</u>	<u>31,600.00</u>

See Accompanying Notes and  
Independent Accountants' Review Report

THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF OPERATIONS

	12 Months Ended December 31, 2023	12 Months Ended Budget
<u>Maintenance Expenses</u>		
Electrical Repairs	3,055.52	0.00
Exterminating	3,654.44	3,000.00
Plumbing	469.15	1,000.00
Basement and Foundation Repairs	660.91	0.00
Grounds	8,324.22	3,411.00
Snow Removal and Supplies	11,760.00	11,760.00
Landscaping	22,334.99	20,143.00
Wetlands Maintenance	710.62	500.00
Lawn Fertilization	2,639.01	2,480.00
Sprinkler System Repairs	2,377.42	2,000.00
Structural Repairs	1,647.85	2,500.00
Gutters	1,208.00	1,500.00
Roof Repairs and Maintenance	1,770.00	2,500.00
Painting	0.00	500.00
Trees Removal	4,165.00	4,000.00
Concrete and Asphalt	9,916.00	17,000.00
Roof Replacement	25,000.00	0.00
Total Maintenance Expenses	<u>99,693.13</u>	<u>72,294.00</u>
<u>Other Expenses</u>		
Insurance	13,269.53	14,484.00
Worker's Compensation Insurance	550.00	550.00
Total Other Expenses	<u>13,819.53</u>	<u>15,034.00</u>
Total Expenses	<u>158,627.19</u>	<u>133,680.00</u>
EXCESS REVENUES OVER EXPENSES	<u>\$ 8,455.00</u>	<u>\$ 30,780.00</u>

See Accompanying Notes and  
Independent Accountants' Review Report

THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF CO-OWNERS' EQUITY  
For the 12 Months Ended December 31, 2023

Balance - Beginning

Operating	\$	10,613.89
Replacement and Reserve		104,025.63

Excess Revenues over Expenses		<u>8,455.00</u>
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Balance - Ending

Operating		11,175.99
Replacement and Reserve		<u>111,918.53</u>

TOTAL	\$	<u><u>123,094.52</u></u>
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Independent Accountants' Review Report

THE HARBOURS CONDOMINIUM ASSOCIATION

STATEMENT OF CASH FLOWS  
For the 12 Months Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Excess Revenues over Expenses	\$	8,455.00
ADJUSTMENTS TO RECONCILE NET INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES		
(Increase) in Assessments Receivable		(4,308.54)
(Increase) in Prepaid Expense		(417.47)
Increase in Assessments Paid in Advance		<u>18.00</u>
TOTAL ADJUSTMENTS		<u>(4,708.01)</u>
NET CASH PROVIDED BY OPERATIONS		3,746.99
CASH AND CASH EQUIVALENTS - BEGINNING		<u>113,610.21</u>
CASH AND CASH EQUIVALENTS - ENDING	\$	<u><u>117,357.20</u></u>

See Accompanying Notes and  
Independent Accountants' Review Report



THE HARBOURS CONDOMINIUM ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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 Waterford, 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 July 2, 2024, 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 the year ended December 31, 2023, the Association elected to be taxed as a Homeowners Association.

# THE HARBOURS CONDOMINIUM ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

### 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, 2023, the funds were invested in a First Citizens Bank money market account with a balance of \$ 40,021.61 and a current interest rate of .30% and in a Certificate of Deposit at First Citizens Bank with a balance of \$ 71,896.92 and a current interest rate of 4.00%.

### NOTE 3 - CASH AND CASH EQUIVALENTS

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