

**STONE BROOKE HOMEOWNERS ASSOCIATION, INC.**

Financial Statements

December 31, 2019

**Contents**

Accountants' Compilation Report .....	1
Compiled Financial Statements	
Statements of Assets, Liabilities, and Members' Equity – Income Tax Basis .....	2
Statements of Revenues, Expenses, and Members' Equity – Income Tax Basis .....	3
Supplemental Information	
Statement of Revenues and Expenses by Class – Income Tax Basis.....	4
Common Area Budget Report .....	5
Town Home Budget Report.....	6
General Fund Statements of Revenue and Expenses – Income Tax Basis .....	7



## Accountants' Compilation Report

To the Board of Directors  
Stone Brooke Homeowners Association, Inc.

Management is responsible for the accompanying financial statements of Stone Brooke Homeowners Association, Inc. ("Association") which comprise the Statements of Assets, Liabilities, and Members' Equity – Income Tax Basis as of December 31, 2019 and 2018, and the related Statements of Revenues, Expenses, and Members' Equity – Income Tax Basis for the years then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows ordinarily included in the financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Association's assets, liabilities, equity, revenues and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplemental information contained on pages 4 through 7 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplemental information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplemental information.

We are not independent with respect to Stone Brooke Homeowners Association, Inc.

*LWBJ, LLP*

March 23, 2020

**STONE BROOKE HOMEOWNERS ASSOCIATION, INC.**

Statements of Assets, Liabilities, and Members' Equity - Income Tax Basis

December 31, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents:		
First National Bank	\$ 46,153	\$ 35,264
Hi-Fi - First National Bank	555	7,552
Availa Bank Checking	3,058	6,333
Vanguard money market	99	97
Total cash and cash equivalents	49,865	49,246
Accounts receivable	2,587	3,317
First National Bank - CD	62,591	60,000
Vanguard healthcare account	28,355	23,066
Vanguard Wellington Fund	48,223	39,331
Vanguard brokerage account	16,988	15,314
Prepaid insurance and other	2,967	4,183
Prepaid income tax	-	2,400
Total current assets	211,576	196,857
Property and equipment:		
Land	75,700	75,700
Land improvements and landscaping	130,290	128,400
Furniture and equipment	3,525	3,525
Clubhouse and pool	145,874	145,743
	355,389	353,368
Less accumulated depreciation	118,419	102,248
	236,970	251,120
Total assets	\$ 448,546	\$ 447,977
<b>Liabilities and members' equity</b>		
Current liabilities:		
Accounts payable	\$ 66,799	\$ 53,064
Accrued expenses	750	5,248
Accrued property taxes	4,610	4,492
Total current liabilities	72,159	62,804
Long term liabilities:		
First National - loan	43,163	57,680
Total liabilities	115,322	120,484
Members' equity:		
Siding replacement equity	4,793	4,793
Roofing replacement equity	3,573	3,573
Common area equity	10,630	93,054
Fixed asset equity	113,475	129,646
Townhome equity	11,272	107,057
Total members' equity	333,224	327,493
Total liabilities and members' equity	\$ 448,546	\$ 447,977

Retained Earnings on Draft \$5,731

See accountants' compilation report.

**STONE BROOKE HOMEOWNERS ASSOCIATION, INC.**

Statements of Revenues, Expenses and Members' Equity - Income Tax Basis

For the years ended December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>Revenue:</b>		
Dues - town homes other	\$ 179,530	\$ 167,876
Dues - town homes siding	85,839	81,500
Dues - town homes roofing	113,050	107,072
Dues - single homes	11,754	10,545
Total revenue	390,173	366,993
<b>Expenses:</b>		
Accounting fees	13,476	11,003
Association manager	21,852	19,563
Common area improvements	-	620
Depreciation expense	16,171	5,757
Grounds maintenance	22,011	18,388
Hospitality	269	111
Insurance	3,147	3,047
Interest Expense	3,483	680
Lawn maintenance	62,982	62,982
Miscellaneous	7,600	7,484
Pool maintenance	10,748	9,649
Professional fees	-	2,651
Real estate taxes	4,669	4,423
Snow removal	64,424	20,838
Town home siding and painting expense	72,073	99,432
Town home roof expense	90,393	65,089
Tree maintenance	201	11,293
Path maintenance	611	6,873
Total expenses	394,110	349,883
Operating income (loss)	(3,937)	17,110
 Other income (expense):		
Change in investment value	10,577	(23,223)
Realized gain on investments	3,577	22,999
Interest and dividend income	4,296	2,260
	18,450	2,036
Income before income taxes	14,513	19,146
 Income taxes	8,782	2,792
Net income	5,731	16,354
 Members' equity - beginning of period	327,493	311,139
Members' equity - end of period	\$ 333,224	\$ 327,493

See accountants' compilation report.

**STONE BROOKE HOMEOWNERS ASSOCIATION, INC.**

Statement of Revenues and Expenses by Class - Income Tax Basis

For the twelve months ended December 31, 2019

	<u>Administrative</u>	<u>Common Area</u>	<u>Townhomes</u>	<u>Total</u>
Revenue:				
Dues - town homes other	\$ 31,684	\$ 42,759	\$ 105,087	\$ 179,530
Dues - town homes siding	-	-	85,839	85,839
Dues - town homes roofing	-	-	113,050	113,050
Dues - single homes	9,592	2,162	-	11,754
Total revenue	<u>41,276</u>	<u>44,921</u>	<u>303,976</u>	<u>390,173</u>
Expenses:				
Accounting fees	13,476	-	-	13,476
Association manager	-	5,463	16,389	21,852
Depreciation expense	16,171	-	-	16,171
Grounds maintenance	-	21,611	400	22,011
Hospitality	226	43	-	269
Insurance	3,147	-	-	3,147
Interest Expense	3,483	-	-	3,483
Lawn maintenance	-	9,447	53,535	62,982
Miscellaneous	(431)	8,031	-	7,600
Pool maintenance	-	10,748	-	10,748
Real estate taxes	118	4,551	-	4,669
Snow removal	-	4,510	59,914	64,424
Town home siding and painting expense	-	-	72,073	72,073
Town home roof expense	-	-	90,393	90,393
Tree maintenance	(374)	575	-	201
Path maintenance	-	611	-	611
Total expenses	<u>35,816</u>	<u>65,590</u>	<u>292,704</u>	<u>394,110</u>
Net operating income (loss)	5,460	(20,669)	11,272	(3,937)
Other income (expense):				
Change in investment value	10,577	-	-	10,577
Realized gain on investments	3,577	-	-	3,577
Interest and dividend income	4,296	-	-	4,296
	<u>18,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>18,450</u>
Income (loss) before income taxes	23,910	(20,669)	11,272	14,513
Income taxes	8,782	-	-	8,782
Net operating income (loss)	<u>\$ 15,128</u>	<u>\$ (20,669)</u>	<u>\$ 11,272</u>	<u>\$ 5,731</u>

See accountants' compilation report.

**STONE BROOKE HOMEOWNERS ASSOCIATION, INC.**

Common Area Budget Report

For the one and twelve months ended December 31, 2019

	<b>One Month Ended Dec 2019</b>	<b>One Month Budget Dec 2019</b>	<b>One Month Variance Dec 2019</b>	<b>Twelve Months Ended Dec 2019</b>	<b>Twelve Months Budget Dec 2019</b>	<b>Twelve Months Variance Dec 2019</b>
<b>Revenues:</b>						
Dues - town homes	\$ 3,740	\$ 3,511	\$ 229	\$ 42,759	42,128	\$ 631
Dues - single homes	208	119	89	2,162	1,433	729
Total revenue	<u>3,948</u>	<u>3,630</u>	318	44,921	43,561	1,360
<b>Expenses:</b>						
Association manager	848	-	848	5,463	-	5,463
Grounds maintenance	150	1,092	(942)	21,611	13,100	8,511
Hospitality	-	31	(31)	43	375	(332)
Lawn maintenance	3,936	696	3,240	9,447	8,354	1,093
Miscellaneous	1,014	719	295	8,031	8,623	(592)
Path maintenance	-	193	(193)	611	2,321	(1,710)
Pool maintenance	309	892	(583)	10,748	10,700	48
Real estate taxes	-	-	-	4,551	-	4,551
Snow removal	-	1,321	(1,321)	4,510	15,850	(11,340)
Tree maintenance	94	883	(789)	575	10,600	(10,025)
Total expenses	<u>6,351</u>	<u>5,827</u>	524	65,590	69,923	(4,333)
Net operating income (loss)	<u>\$ (2,403)</u>	<u>\$ (2,197)</u>	<u>\$ (206)</u>	<u>\$ (20,669)</u>	<u>\$ (26,362)</u>	<u>\$ 5,693</u>

See accountants' compilation report.

STONE BROOKE HOMEOWNERS ASSOCIATION, INC.

Town Home Budget Report

For the one and twelve months ended December 31, 2018

	<u>One Month Ended Dec 2019</u>	<u>One Month Budget Dec 2019</u>	<u>One Month Variance Dec 2019</u>	<u>Twelve Months Ended Dec 2019</u>	<u>Twelve Months Budget Dec 2019</u>	<u>Twelve Months Variance Dec 2019</u>
Revenue:						
Dues - town homes	\$ 26,193	\$ 24,915	\$ 1,278	\$ 303,976	\$ 298,978	\$ 4,998
Total revenue	26,193	24,915	1,278	303,976	298,978	4,998
Expenses:						
Association manager	2,544	-	2,544	16,389	-	16,389
Grounds maintenance	-	-	-	400	-	400
Lawn maintenance	22,306	4,659	17,647	53,535	55,906	(2,371)
Snow removal	-	1,938	(1,938)	59,914	23,250	36,664
Town home siding and painting expense	12,266	7,500	4,766	72,073	90,000	(17,927)
Town home roof expense	46,861	7,058	39,803	90,393	84,700	5,693
Town home expense - other	-	33	(33)	-	400	(400)
Total expenses	83,977	21,188	62,789	292,704	254,256	38,448
Net operating income (loss)	<u>\$ (57,784)</u>	<u>\$ 3,727</u>	<u>\$ (61,511)</u>	<u>\$ 11,272</u>	<u>\$ 44,722</u>	<u>\$ (33,450)</u>

See accountants' compilation report.

**STONE BROOKE HOMEOWNERS ASSOCIATION, INC.**

General Fund Statements of Revenues and Expenses - Income Tax Basis

For the one and twelve months ended December 31, 2019

	<b>One Month Ended December 31, 2019</b>	<b>Twelve Months Ended December 31, 2019</b>
Revenues:		
Dues - town homes other	\$ 2,640	\$ 31,684
Dues - single homes	799	9,592
Total revenue	<u>3,439</u>	<u>41,276</u>
Expenses:		
Accounting fees	750	13,476
Depreciation	1,404	16,171
Hospitality	-	226
Insurance	297	3,147
Interest Expense	258	3,483
Miscellaneous	(131)	(805)
Real estate taxes	118	118
Total expenses	<u>2,696</u>	<u>35,816</u>
Net operating income (loss)	743	5,460
Other income (expense):		
Change in investment value	(2,735)	10,577
Realized gain (loss) on investments	3,577	3,577
Interest and dividend income	1,397	4,296
	<u>2,239</u>	<u>18,450</u>
Income (loss) before taxes	2,982	23,910
Income taxes	2,680	8,782
Net operating income (loss)	<u>\$ 302</u>	<u>\$ 15,128</u>

See accountants' compilation report.