

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**YEARS ENDED
JUNE 30, 2019 AND 2018**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Woodlake Condominium Association, Inc.
Brandon, Mississippi

We have reviewed the accompanying financial statements of Woodlake Condominium Association Inc., which comprise the balance sheets as of June 30, 2019 and 2018, and the related statements of revenues and expenses and changes in members' equity and cash flows for the years 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 company 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.

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Accountant's Conclusion

Based on our reviews, 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.

Haddon Field Eubank Betts PLLC

Jackson, Mississippi
February 26, 2020

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEETS
JUNE 30, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 157,412	91,351
Accounts Receivable	27,444	13,276
Prepaid Insurance	-	36,396
	<u>184,856</u>	<u>141,023</u>
	<u>184,856</u>	<u>141,023</u>
 <u>LIABILITIES AND MEMBERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	<u>766</u>	<u>4,444</u>
MEMBERS' EQUITY		
Without Restrictions	<u>184,090</u>	<u>136,579</u>
	<u>\$ 184,856</u>	<u>141,023</u>

See accompanying notes to financial statements.

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF REVENUES AND EXPENSES
AND MEMBERS' EQUITY
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>2019</u>	<u>2018</u>
REVENUE:		
Membership Dues	\$ 160,060	160,290
Insurance Assessments	42,671	39,705
Other Revenue	1,666	1,718
	<u>204,397</u>	<u>201,713</u>
EXPENSES:		
Maintenance	84,059	120,163
Insurance	41,142	41,159
Supplies	14,609	18,302
Utilities	12,478	12,272
Professional and Legal Fees	350	3,415
Miscellaneous	4,248	9,995
	<u>156,886</u>	<u>205,306</u>
NET INCOME (LOSS)	47,511	(3,593)
MEMBERS' EQUITY, BEGINNING OF YEAR	<u>136,579</u>	<u>140,172</u>
MEMBERS' EQUITY, END OF YEAR	\$ <u><u>184,090</u></u>	<u><u>136,579</u></u>

See accompanying notes to financial statements.

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	<u>2019</u>	<u>2018</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Changes in net income (loss)	\$ 47,511	(3,593)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Accounts Receivable	(14,168)	(2,805)
Accounts Payable	(3,678)	4,444
Prepaid Expenses	36,396	1,455
Accrued Expenses	<u>-</u>	<u>(194,445)</u>
Net cash provided by (used in) operating activities	<u>66,061</u>	<u>(194,944)</u>
NET INCREASE (DECREASE) IN CASH DURING YEAR	66,061	(194,944)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>91,351</u>	<u>286,295</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>157,412</u>	<u>91,351</u>

See accompanying notes to financial statements.

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Woodlake Condominium Association, Inc. (the "Association") is an association formed under the Mississippi Condominium Law, as a condominium development and project. As the neighborhood condominium association, it assesses and collects fees and insurance premium from Association homeowners and manages the maintenance and upkeep to the Woodlake property. All of the Associations' members are owners of a condominium located in Brandon, Mississippi.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. Accordingly, the financial statements reflect the receivables, payables and activities of the Association.

Receivables

The Association reports contract receivables at gross amounts. Because historical losses related to these receivables have been insignificant, management has elected to use the direct write-off method to account for bad debts.

On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written-off through a charge against earnings.

Adoption of New Accounting Standards

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-14: *Presentation of Financial Statements for Not-for-Profit Entities* ("ASU 2016-14"), which is an amendment to the FASB Accounting Standards Codification ("FASB ASC") Topic 958. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Adopting ASU 2016-14 has had the following impact on the Association's financial statements:

- The temporarily and permanently restricted classes of members' equity have been combined into a single net asset class called *net assets with restrictions*.
- The unrestricted members' equity class has been renamed *net assets without restrictions*.

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:

Adoption of New Accounting Standards - continued:

- The notes to financial statements include a new disclosure about liquidity and availability of resources (Note 3).

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Restrictions - Net assets available for use in general operations and not subject to restrictions.

Net Assets With Restrictions - Net assets subject to imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Association considers all bank accounts with an original maturity of three months or less when purchased to be cash and cash equivalents.

NOTE 2 - FEDERAL INCOME TAXES

The Association has elected to file as a homeowner's association in accordance with Internal Revenue Service Code section 528, using IRS form 1120-H. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners.

WOODLAKE CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

NOTE 3 - LIQUIDITY

The following reflects the Association's financial assets as of June 30, 2019 reduced by amounts not available for general use within one year because of contractual or restrictions.

Financial assets, as of June 30, 2019:

Cash	\$ 157,412
Accounts receivable	27,444
Less those unavailable for general expenditures within one year, due to restrictions from time or purpose restrictions	<u> -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 184,856</u>

NOTE 4 - CLAIMS AND ASSESSMENTS

The Association presently is aware of no pending legal claims in the normal course of business, and accordingly, in the opinion of management, there are no material adverse effects associated from legal matters on the results of operations of the Association.

NOTE 5 - SUBSEQUENT EVENTS

The Association had no subsequent events of a material nature requiring adjustments to or disclosure in the financial statements through February 26, 2020, the date the financial statements were approved by the Association's management and thereby available to be issued.

NOTE 6 - NEW ACCOUNTING STANDARD

In May 2014, the FASB issued Accounting Standard Update ("ASU") No. 2014-09 "Revenue from Contracts with Customers" (Topic 606). ASU No. 2014-09 is a comprehensive new revenue recognition model that requires organizations to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration the organization expects to receive for those goods or services. In August 2015, the FASB issued ASU 2015-14 "Revenue from Contracts with Customers: Deferral of Effective Date" to defer the effective date of the new revenue recognition standard by one year to the organization's year ending June 30, 2020. The Association is currently evaluating the new guidance and has not determined the impact this standard may have on their financial statements nor has the method of adoption been determined by management.