MOONRIDGE HOMEOWNERS' ASSOCIATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

WadsworthReese
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors and Homeowners
Moonridge Homeowners' Association
Boise, Idaho

We have reviewed the accompanying financial statements of Moonridge Homeowners' Association, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, homeowners' 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.

Accountant's Conclusion

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.

This report has been issued in accordance with, and is subject to, the terms of the engagement letter between Moonridge Homeowners' Association and Wadsworth Reese, PLLC.

October 3, 2022
Boise, Idaho
Wadsworth Reese, PLLC

6206 N Discovery Way • Boise, ID 83713
Phone: (208) 323-6234 • Fax: (208) 629-1248
www.WadsworthReese.com

MOONRIDGE HOMEOWNERS’ ASSOCIATION

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS:		
Cash in checking and savings	$ 86,620	$ 104,987
Accounts receivable, no allowance for doubtful accounts considered necessary	21,648	15,302
Total Current Assets	108,268	120,289
COMMON AREA LAND AND IMPROVEMENTS		
EQUIPMENT, at cost	50,482	50,482
Less accumulated depreciation	32,194	28,314
	18,288	22,168
	$ 126,556	$ 142,457

LIABILITIES AND HOMEOWNERS' EQUITY	2021	2020
CURRENT LIABILITIES		
Deferred revenue	$ 3,627	$ 3,432
Total Current Liabilities	3,627	3,432
HOMEOWNERS' EQUITY	122,929	139,025
	$ 126,556	$ 142,457

See notes to financial statements.

MOONRIDGE HOMEOWNERS’ ASSOCIATION

STATEMENTS OF OPERATIONS AND HOMEOWNERS’ EQUITY

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUE:		
Homeowners' association dues	$ 76,650	$ 76,825
Transfer fee	2,400	2,900
Interest income	52	169
Other	3,365	7,792
Total Revenue	82,467	87,686
EXPENSES:		
Landscaping	49,944	57,807
Management fees	20,585	16,244
Irrigation	4,581	5,260
Utilities	2,930	2,785
Depreciation	3,880	3,502
Office expense	938	1,381
Repairs and maintenance	3,396	707
Professional fees	11,253	6,993
Insurance	1,046	1,046
Taxes	10	10
Total Expenses	98,563	95,735
EXCESS OF EXPENSES OVER REVENUE	(16,096)	(8,049)
HOMEOWNERS' EQUITY, Beginning of year	139,025	147,074
HOMEOWNERS' EQUITY, End of year	$ 122,929	$ 139,025

See notes to financial statements.

MOONRIDGE HOMEOWNERS' ASSOCIATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of expenses over revenue	$ (16,096)	$ (8,049)
Adjustments to reconcile excess of expenses over revenue to net cash provided by operating activities:		
Depreciation	3,880	3,502
(Increase) decrease in accounts receivable	(6,346)	(6,753)
(Decrease) increase in deferred revenue	195	260
Cash Applied to Operating Activities	(18,367)	(11,040)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption of certificates of deposit	-	24,733
Purchase of fixed assets	-	(11,989)
Cash Applied to Investing Activities	-	12,744
NET INCREASE (DECREASE) IN CASH	(18,367)	1,704
CASH, Beginning of year	104,987	103,283
CASH, End of year	$ 86,620	$ 104,987

See notes to financial statements.

MOONRIDGE HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

A. Summary of Significant Accounting Policies:

1. Organization - Moonridge Homeowners' Association (Association) was formed in 1992 to govern the affairs and manage the common areas of Moonridge Subdivision. All homeowners are members of the Association and are allocated one vote on matters affecting the operation of the Association. This right to vote is subject to suspension resulting from non-payment of a member's assessments.

2. Method of Accounting - The Association reports for financial purposes on the accrual basis of accounting.

3. Management 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. Actual results could differ from those estimates.

4. Cash Equivalents - For purposes of the statement of cash flows, the Association has designated cash in checking and savings and certificates of deposit with original maturities of 90 days or less as cash equivalents.

5. Accounts Receivable - Accounts receivable consists of amounts due from homeowners for dues. The Association uses the direct write-off method for recognizing uncollectible accounts. This departure from the use of the allowance method is not deemed material to the accompanying financial statements.

6. Association Member Assessments - Association members are subject to annual assessments to provide funds for the Association's operating expenses. The Association's policy is to retain legal counsel and place liens on the units whose assessments are thirty days or more delinquent. In addition, interest, late fees, and related out-of-pocket expenses are charged on delinquent assessments.

7. Common Area Land and Improvements - Real estate consists of common area land and improvements. There is no value reflected on the financial statements for the real estate as it was conveyed to the Association by the developer of Moonridge Subdivision for a nominal amount.

8. Income Taxes - Moonridge Homeowners' Association is generally exempt from income taxes under Section 528(a) of the Internal Revenue Code. Any income tax expense recognized is due to taxes assessed on interest income.

   The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2021, 2020 and 2019 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

A. Summary of Significant Accounting Policies (continued):

9. Major Repairs and Replacements - The Board of Directors annually identifies anticipated budgets for landscape and sprinkler maintenance and playground equipment maintenance and repairs. Funds accumulated for these areas are maintained in certificate of deposit and money market accounts. Funds are accumulated based upon the Board of Directors estimate of current and future costs and actual expenditures may vary from these estimates.

   For the years ended December 31, 2021 and 2020, no amounts have been assessed for major repairs and replacements. All ongoing repairs and replacements have been funded with normal homeowner dues and assessments.

   Formal studies to determine estimates of the remaining useful lives of common property components and their cost of future major repairs and replacements have not been conducted. The Board of Directors addresses repairs and replacements in their budgeting process.

10. Revenue Recognition – In May 2014, the Financial Accounting Standards Board (FASB) issued new accounting guidance which amended the existing accounting standards for revenue recognition. The new accounting guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. The Association adopted the new standard on January 1, 2019, using the modified retrospective method, which requires recognizing the net cumulative effects of adoption as an adjustment to retained earnings. We do not anticipate that adoption will have a material impact on our financial results and estimate the adjustment to retained earnings due to adoption will not be material.

11. Subsequent events – The Board has evaluated subsequent events through October 3, 2022, the date on which the financial statements were available to be issued. There are no subsequent events that require disclosure as of the date above.

12. Reclassifications - For comparability, certain amounts in the 2020 financial statements have been reclassified, where appropriate, to conform with the financial presentation used in 2021.

B. Management Contract:

The Association has a management contract with Development Services, Inc. to perform management and administrative duties. The agreement commenced on March 1, 2006 and was renewed on January 18, 2022, and will remain in effect for twelve months beginning March 1, 2022. Either party can terminate the agreement without cause by giving thirty days written notice. Total expense recognized for the years ended December 31, 2021 and 2020 for management services was $20,585 and $16,244, respectively.

C. Concentrations of Credit Risk:

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash in checking and savings, certificates of deposit and receivables for dues assessments. At December 31, 2021 and 2020, all cash and savings balances held by the Association were fully insured against loss by the Federal Deposit Insurance Corporation. Accounts receivable consist of amounts due from homeowners for assessments and can be protected against loss through placement of liens on property.