

HIGH POINT HOMEOWNERS ASSOCIATION

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2021

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Members Of
High Point Homeowner Association
Strongsville, Ohio

We have reviewed the accompanying financial statements of High Point Homeowner Association, which comprise the balance sheet—cash basis as of December 31, 2021 and the related statements of revenues and expenses - cash basis, and changes in fund balance - cash basis for the year 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 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 the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

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 American Institute of Certified Public Accountants. 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 the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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

Accountants' 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 the cash basis of accounting.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Required Supplementary Information

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by that missing information.

Hobe & Lucas
Certified Public Accountants, Inc.

November 22, 2022

HIGH POINT HOMEOWNER ASSOCIATION
BALANCE SHEET - CASH BASIS
DECEMBER 31, 2021

ASSETS

Cash on hand and in bank- Association	\$ 309,831
Cash Checking- Swim Team	<u>2,606</u>
Total Assets	<u><u>\$ 312,437</u></u>

LIABILITIES

Taxes Withheld	<u>186</u>
Total Liabilities	<u>186</u>

FUND BALANCE

Reserves	<u>312,251</u>
Total Liabilities and Fund Balance	<u><u>\$ 312,437</u></u>

See accompanying notes and independent accountants' review report.

HIGH POINT HOMEOWNER ASSOCIATION
STATEMENTS OF REVENUES AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues

Maintenance fees		\$ 317,750
Other income		4,875
Interest income		127
Swim Team Income		11,874
Total Revenue		334,626

Expenses

Professional fees		
Accounting	\$ 2,065	
Legal	894	
Payroll and related expenses	7,200	
Payroll Taxes	886	
Real Estate taxes	1,030	
Insurance	12,034	
Office Expenses	4,266	28,375
Property maintenance		
Landscaping	71,970	
Clubhouse & Recreation Area expenses	31,540	
Pool Expenses	65,939	169,449
Utilities		29,332
Swim Team Expenses		10,804
Total Expenses		237,960

Excess (Deficiency) of Revenues Over
Expenses - Operating Reserve

96,666

Excess (Deficiency) of Revenues Over
Expenses- Capital Reserve

96,666

Provision for Income Taxes-Note C

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Excess (Deficiency) of Revenues Over Expenses

\$ 96,666

See accompanying notes and independent accountants' review report.

HIGH POINT HOMEOWNER ASSOCIATION
STATEMENTS OF CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Balance at January 1, 2021</u>	\$ 215,585
Excess of revenues over expenses	<u>96,666</u>
<u>Balance at December 31, 2021</u>	<u>\$ 312,251</u>

See accompanying notes and independent accountants' review report.

HIGH POINT HOMEOWNER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - NATURE OF ORGANIZATION

The High Point Homeowner Association is an Association incorporated in the State of Ohio. The Association is responsible for the operation and maintenance of the common property of High Point Homeowner Association. High Point Homeowner consist of 643 Units located in Strongsville, Ohio. The Association has an affiliate Swim Team. The activity of the Swim Team has been reflected in these statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Method - The Association's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.
2. Property and Equipment - Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are controlled by the vote of individual unit owners (members) of the Association.
3. Member Assessments - Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Outstanding assessments due from owners' were \$490 at December 31, 2021. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are ninety days or more delinquent. Any excess assessments at year end are retained by the Association for use in future years.
4. Use of Estimates -The preparation of the financial statements require management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingencies. Actual results could differ from those estimated and assumptions.

NOTE C - INCOME TAXES

For 2021 it is beneficial for the Association to file its income tax return as a homeowner' association in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from association members solely as a function of their membership in the Association. The Association will be taxed at a rate of 30% of its nonexempt function income, which includes interest income and revenue received from nonmembers. The tax preparer filed 1120 for the association.

See independent accountants' review report

HIGH POINT HOMEOWNER ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE C - INCOME TAXES (CONTINUED)

The financial statements reflect only the Association's tax positions that meet a "more likely than not" standard that, based on their technical merits, have a more than 50 percent likelihood of being sustained upon examination. The Association's management has determined that no reasonably possible changes will be made over the next 12 months regarding their tax positions.

NOTE D - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for operating purposes. The Association conducted a formal study in 2021 to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The Association budgets and considers the replacement study in the determination of its annual assessments to fully fund reserves. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Ohio law requires a budget that adequately funds a reserve to repair and replace major capital items in the normal course of operations without the necessity of special assessments unless the requirement is waived by a majority of unit owners. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular maintenance fees.

NOTE E – CONCENTRATION OF RISK

Cash is held in bank accounts which exceed the federal insurance limit of \$250,000. Management has not experienced any losses, material or otherwise, due to this concentration.

NOTE F - SUBSEQUENT EVENTS

The Association has evaluated all subsequent events through November 22, 2022, the available date of issuance of the financial statements.

See independent accountants' review report