



Financial Statements
December 31, 2017

**Columbia Village Homeowners
Association, Inc.**

Columbia Village Homeowners Association, Inc.

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Independent Accountant's Review Report

To the Board of Directors
Columbia Village Homeowners Association, Inc.
Boise, Idaho

We have reviewed the accompanying financial statements of Columbia Village Homeowners Association, Inc. (the Association), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2017, and the related statement of revenue and expense, and other changes in net assets – modified cash basis, and cash flows – modified 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 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 the modified cash basis of accounting as described in Note 1 to the financial statements; 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 modified cash basis. 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 modified cash basis.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting used in preparation of the financial statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter

Modified cash basis accounting principles require that the schedule of estimated future major repairs and replacements on page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
July 24, 2019

Columbia Village Homeowners Association, Inc.
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis
December 31, 2017

Assets

Current Assets

Cash and cash equivalents	\$ 218,837
Receivables	<u>128,427</u>

Total current assets	347,264
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Long-term Assets

Investments designated for reserves	<u>217,400</u>
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Total assets	<u><u>\$ 564,664</u></u>
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Net Assets

Unrestricted Net Assets	<u>\$ 564,664</u>
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Total liabilities and net assets	<u><u>\$ 564,664</u></u>
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Columbia Village Homeowners Association, Inc.
Statement of Revenues and Expenses, and Other Changes in Net Assets – Modified Cash Basis
Year Ended December 31, 2017

Unrestricted Revenue	
Assessments	\$ 788,581
Service income	37,895
Interest income	1,066
Other income	96,733
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Total unrestricted revenue	924,275
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Operating Expenses	
Grounds maintenance	545,143
Pool and clubhouse expense	131,086
Administrative	113,111
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Total operating expenses	789,340
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Reserve Expenses	35,882
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Change in Unrestricted Net Assets	99,053
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Unrestricted Net Assets, Beginning of Year	465,611
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Unrestricted Net Assets, End of Year	\$ 564,664
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Columbia Village Homeowners Association, Inc.
Statement of Cash Flows -Modified Cash Basis
Year Ended December 31, 2017

Operating Activities	
Change in net assets	\$ 99,053
Adjustments to reconcile change in net assets to net cash from operating activities	
Changes in assets and liabilities	
Receivables	<u>(28,909)</u>
Net Cash from Operating Activities	<u>70,144</u>
Investing Activities	
Purchase of investments designated for reserves	56,815
Sales of investments designated for reserves	<u>(56,652)</u>
Net Cash from Investing Activities	<u>163</u>
Net Increase in Cash and Cash Equivalents	70,307
Cash and Cash Equivalents, Beginning of Year	<u>148,530</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 218,837</u></u>

Note 1 - Principal Business Activity and Significant Accounting Policies

Nature of Operations

The Columbia Village Homeowners Association, Inc. (the Association) was incorporated on September 20th, 1990 in the State of Idaho. The Association is responsible for managing and maintaining the common property of Columbia Village neighborhood. This includes such services for ground and general maintenance of the property, snow removal, security, and common utilities. The development consists of both residential and commercial properties.

The Association has two classes of voting members, Class A and Class B. Class A members are property owners and they receive one vote per lot owned. Class B members are the Simplot Trust and are entitled to three votes per lot owned. All Class B members were converted to Class A on January 1, 2001.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Under that basis, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consequently, the Association has not recognized accounts payable to vendors and their related effects on earnings in the accompanying financial statements.

Under a pure cash basis method, all revenues are recognized when cash is received, and expenses are recognized when cash is disbursed. Under the modified cash basis, the pure cash basis is adjusted for certain assets and liabilities. These adjustments relate to accounts receivable. Management has modified the financial statements for these items.

Cash and Cash Equivalents

The Association considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

The Association's investments consist of certificates of deposit with local financial institutions and records them at cost, plus accrued interest.

Receivables and Credit Policies

Association members are subject to monthly or quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from owners, less amount not expected to be collected. The Association's policy is to place liens on the properties of homeowners whose assessments are more than ninety days delinquent. The Association charges interest on overdue account balances.

The Association estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, a review of subsequent collections, and other factors as necessary. It is reasonably possible that the Association's estimate of the allowance for doubtful accounts will change. At December 31, 2017 the allowance was \$0, as all assessments that are defaulted on will be collected through the lien process when a property is sold.

Reserves

Revenue, operating expenses, and benefited unit expenses include operating and reserve activities.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve and board-designated endowment.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Board of Directors.

The Association reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The restrictions stipulate that resources be maintained permanently but permit expending the income generated in accordance with the provisions of the agreements.

At December 31, 2017 the Association has no temporarily or permanently restricted net assets.

Revenue and Revenue Recognition

Revenue is recognized when earned. Homeowner assessments are recognized over the period to which they pertain. Recreation programs, facility operations and other revenue is recognized when related programs and events occur.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the period ended December 31, 2017, the Association was taxed as a homeowners' association. As a homeowners' association, income from association assessments are exempt from income taxes. Non-exempt income is taxable at corporate rates.

The Association believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Association has not experienced losses in any of these accounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 for the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through July 24, 2019, the date the financial statements were available to be issued.

Note 2 - Future Major Repairs and Replacements

The Association requires the accumulation of funds for future major repairs and replacements of common areas, and for general operations to ensure the availability of funds when needed. The Association plans to fund these reserves going forward. The Association will annually review the reserve funding program as part of its budgeting process.

The Association retained a reserve study specialist to perform a study of the recreational buildings and equipment in 2017. Based on this analysis, the Association is evaluating future funding needs and a strategy to establish funding reserves for future repairs and maintenance.

The reserve funds will be accumulated based upon estimated future costs. Actual expenditures vary from those estimates and variations may be material. Therefore, amounts accumulated in the reserves, may not be adequate to meet future needs. If additional funds are needed, the Association has the right, subject to member delegates' approval, to pass special assessments or delay major repairs and replacements until funds are available.



Required Supplementary Information
December 31, 2017

**Columbia Village Homeowners
Association, Inc.**

Columbia Village Homeowners Association, Inc.
Schedule of Estimated Major Future Repairs and Replacements
December 31, 2017

The Association commissioned a study in 2017 by an independent reserve study specialist to estimate the remaining useful lives and the replacement costs of the components of recreational common property. The engineering firm assessed the condition of all common area components, estimated replacement costs and remaining lives to develop a funding plan for such future costs.

The following table is based on the 2017 study and presents significant information about the components of the landscaping and irrigation system, amenities and buildings, equipment, roads, and assets designated for reserves for the Association as of December 31, 2017.

<u>Major Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Reserve Fund</u>
Landscaping and Irrigation	0-19	\$ 1,081,475	
Amenities and Buildings	0-25	1,782,830	
Equipment	0-22	81,071	
Roads	0-12	348,376	
Miscellaneous	0	66,825	
		<u>\$ 3,360,577</u>	<u>\$ 217,400</u>

The study states that of the above costs, approximately \$75,008 relates to projects that needed attention in 2017. An additional \$374,522 relates to projects that will need attention between 2018 and 2022.