

EFS & ASSOCIATES, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

6698 SOUTH IRIS STREET, #621908 • LITTLETON, COLORADO 80123-3180
PHONE (303) 798-6406

MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
COLORADO SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

April 13, 2022

Board of Directors
Homestead in the Willows Homeowners Association, Inc.

In planning and performing our audit of the financial statements of Homestead in the Willows Homeowners Association, Inc. as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Homestead in the Willows Homeowners Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we also became aware of the following deficiencies in internal control, other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency:

Bank Accounts

The Association maintains its cash balances at various financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances are approximately \$158,537 at December 31, 2021.

Replacement Fund Study

The last replacement fund study was prepared in 2017. We recommend an update be done every 3-5 years. The Board should consider updating the study to ensure that the replacement funding program is adequate to meet future needs.

This communication is intended solely for the information and use of the Board of Directors and management of Homestead in the Willows Homeowners Association, Inc., and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

EFS & Associates, CPA, P.C.

EFS & Associates, CPA, P.C.

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2021

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.

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April 13, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Homestead in the Willows Homeowners Association, Inc.

Opinion

We have audited the accompanying financial statements of Homestead in the Willows Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homestead in the Willows Homeowners Association, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Homestead in the Willows Homeowners Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Homestead in the Willows Homeowners Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Homestead in the Willows Homeowners Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Homestead in the Willows Homeowners Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information about future major repairs and replacements on page eleven be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EJA Associates, CPA, P.C.

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Swim Team Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 399,937	\$ 19,051	\$ 27,611	\$ 446,599
Certificates of Deposit		468,002		468,002
Accrued Interest		168		168
Assessments Receivable	8,340			8,340
Prepaid Expenses	16,139			16,139
Swim Team Equipment	\$ 13,744			
Less Accumulated Depreciation	(13,675)			
Net Equipment			69	69
Due From Operating Fund		223,327		223,327
Due To Replacement Fund	(223,327)			(223,327)
<u>Total Assets</u>	<u>\$ 201,089</u>	<u>\$ 710,548</u>	<u>27,680</u>	<u>\$ 939,317</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 11,265	\$	\$	\$ 11,265
Assessments Received in Advance	2,250			2,250
<u>Total Liabilities</u>	<u>13,515</u>			<u>13,515</u>
 <u>Fund Balances</u>	 <u>187,574</u>	 <u>710,548</u>	 <u>27,680</u>	 <u>925,802</u>
 <u>Total Liabilities and Fund Balances</u>	 <u>\$ 201,089</u>	 <u>\$ 710,548</u>	 <u>\$ 27,680</u>	 <u>\$ 939,317</u>

See Accompanying Notes to Financial Statements

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Replacement Fund	Swim Team Fund	Total
<u>REVENUES:</u>				
Owner Assessments	\$ 888,245	\$ 223,327	\$	\$ 1,111,572
Associate Membership	4,446			4,446
Newsletter Advertising Income	13,739			13,739
Comcast Easement Income	3,789			3,789
Interest Income	71	206	11	288
Pool Rental	4,964			4,964
Late Fees and Other Income	43,582			43,582
Events and Registration Income			65,959	65,959
<u>Total Revenues</u>	958,836	223,533	65,970	1,248,339
<u>EXPENSES:</u>				
Repairs and Maintenance:				
Pool Repair and Operations	184,539	55,098		239,637
Grounds and Landscape	125,206	36,688		161,894
Trash Removal	92,623			92,623
Tree Replacement and Maintenance	52,168			52,168
Fencing	51,607			51,607
Business Office Expense	19,256	101,510		120,766
Other Repairs and Maintenance	13,276			13,276
Walkways Repairs and Maintenance	10,098			10,098
Tennis Court Maintenance and Repairs	7,518	21,373		28,891
Utilities:				
Water and Sewer	106,003			106,003
Gas and Electricity	19,255			19,255
General Administrative:				
Payroll and Related Expenses	115,585			115,585
Insurance	49,884			49,884
Newsletter Expenses	17,232			17,232
Legal and Accounting	12,302			12,302
Swim Team Expenses	7,936		63,252	71,188
Office Supplies and Expense	5,461	36		5,497
Depreciation			710	710
<u>Total Expenses</u>	889,949	214,705	63,962	1,168,616
<u>Revenues Over Expenses</u>	68,887	8,828	2,008	79,723
Contribution of Capital	7,230			7,230
Fund Balances, December 31, 2020	111,457	701,720	25,672	838,849
<u>Fund Balances, December 31, 2021</u>	\$ 187,574	\$ 710,548	\$ 27,680	\$ 925,802

See Accompanying Notes to Financial Statements

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Swim Team Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>				
Net Revenues Over Expenses	\$ 68,887	\$ 8,828	\$ 2,008	\$ 79,723
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:				
Depreciation			710	710
<u>Changes in Assets and Liabilities:</u>				
Increase in Assessments Receivable	(6,590)			(6,590)
Decrease in Prepaid Expenses	716			716
Increase in Accrued Interest		(168)		(168)
Increase in Accounts Payable	9,101			9,101
Increase in Assessments Received in Advance	1,100			1,100
Decrease in Deferred Comcast Income	(3,789)			(3,789)
<u>Net Cash Provided By Operating Activities</u>	<u>69,425</u>	<u>8,660</u>	<u>2,718</u>	<u>80,803</u>
<u>Cash Flows Provided (Used) By Financing Activities:</u>				
Increase in Interfund Liabilities	223,327	(223,327)		
Contributions of Capital	7,230			7,230
<u>Net Cash Provided (Used) By Financing Activities</u>	<u>230,557</u>	<u>(223,327)</u>		<u>7,230</u>
<u>Cash Flows (Used) By Investing Activities:</u>				
Increase in Certificates of Deposit		(468,002)		(468,002)
Net Increase (Decrease) in Cash and Cash Equivalents	299,982	(682,669)	2,718	(379,969)
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>99,955</u>	<u>701,720</u>	<u>24,893</u>	<u>826,568</u>
<u>Cash and Cash Equivalents at December 31, 2021</u>	<u>\$ 399,937</u>	<u>\$ 19,051</u>	<u>\$ 27,611</u>	<u>\$ 446,599</u>

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for:

Income Taxes	-0-
Interest Expense	-0-

Disclosure of Accounting Policy:

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See Accompanying Notes to Financial Statements

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: ORGANIZATION

Homestead in the Willows Homeowners Association, Inc., a homeowners association consisting of 898 single family detached homes and 71 townhomes, was incorporated in 1974 as a Colorado non-profit corporation to hold, develop and maintain real estate and personal property (common areas) owned jointly by the homeowners of the development.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Swim Team Fund - This fund is used to record the financial activity of the swim team.

MEMBER ASSESSMENTS

Association members are subject to monthly 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 represent fees due from unit owners. Any excess assessments at year end are retained by the Association for use in the succeeding year.

IMPROVEMENTS AND EQUIPMENT

Land improvements conveyed by the Declarant of the Association were presented in the financial statements at the estimated market value at the time of the donation. Land improvements had been depreciated using the straight line method over 30 years. Since the land improvements and building are more than 30 years old and are owned by the individual unit owners in common and not by the Association, the assets have been removed from the Association's balance sheet. Swim team equipment is recorded at cost and is depreciated using the straight line method over 5-7 years. Other real property, amenities, and common areas acquired by the Developer and related improvements to such property are not recorded on the Association's financial statements, because those properties are owned by the individual unit owners in common and not by the Association.

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 period. Actual results could differ from those estimates.

REVENUE RECOGNITION

Accounting Standards Codification (ASC) 606 requires recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The Association has adopted ASC 606 in its Operating Fund. Performance is deemed to be completed based on the annual Operating Fund budget.

Membership revenues recognized on the Statement of Revenues and Expenses may be adjusted to the amount expected to be collected. Assessment Receivables on the Balance Sheet may be reduced by an amount considered to be uncollectible.

The Association has determined that ASC 606 does not apply to the activity of the Replacement Fund. However ASC 606 will be applied to deferred special assessments and deferred insurance proceeds, if applicable.

NOTE 3: COVID-19

The World Health Organization has declared Covid-19 a Public Health Emergency of International Concern and has characterized Covid-19 as a pandemic. As of the date the financial statements were available to be issued, the uncertainty of the impact that Covid-19 may have on the Association's financial position, operations and cash flows was not readily determinable. The Association does have the ability to retain legal counsel and place liens on delinquent homeowner accounts. These financial statements do not include any adjustments related to this uncertainty.

NOTE 4: INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31 2021. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government and at 4.5% by the State of Colorado.

As of December 31, 2021, the tax years that remain subject to examination by taxing authorities begin with December 31, 2018 for federal tax purposes and December 31, 2017 for state tax purposes.

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$487,221 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes.

The Association engaged Borne Engineering who conducted a study dated in August 2017 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of future replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

In 2019 the Association's Board observed that the perimeter fence was not included in the study. It is estimated that the fence may need to be replaced in the next eight to ten years at a cost of \$1.7 million. The Association has increased the Replacement Fund contribution for 2021 by \$100,000 to be specifically earmarked for the fence replacement

NOTE 6: SWIM TEAM

The Swim Team is a separate committee of the Association and records its financial activity separately. The Team's financial information is included in the 2021 financial statements of the Association.

NOTE 7: COMCAST EASEMENT AGREEMENT

The Association entered into a ten year easement agreement with Comcast in 2011, and received a total of \$157,150, which was recognized as revenue over the ten year period. The \$3,789 remaining amount of the contract was recognized as revenue in 2021.

NOTE 8: UNINSURED CASH BALANCES

The Association maintains its cash balances at various financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances are approximately \$158,537 at December 31, 2021.

NOTE 9: MEMORIAL PLAYGROUND

In 2014, a family in the Association contributed funds to the Association to build a playground in memory of their daughter. The funds were disbursed in 2014 and the playground completed. It is the Association's responsibility to maintain the playground going forward.

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10: CONTRIBUTION OF CAPITAL

Some of the Association's members voluntarily contributed \$7,230 for tree replacement in the common areas. The contributions have been classified as a contribution of capital.

NOTE 11: SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 13, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION
(Unaudited)

HOMESTEAD IN THE WILLOWS HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
 DECEMBER 31, 2021
 (Unaudited)

The Association contracted Borne Engineering to conduct a study dated in August 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The study assumes an annual inflation rate of 3.0%, and that the Association will earn .25% on its deposits.

The following table is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Year For Replacement</u>	<u>Estimated Future Replacement Costs</u>
Topography, Grading and Drainage	2022	\$ 5,796
Paving	2019 - 2033	87,704
Flatwork	2017 - 2024	42,621
Landscape and Appurtenances	2017 - 2035	177,660
Façade	2020 - 2032	16,066
Roofing	2027 - 2040	49,851
Interior of Pool Houses	2017 - 2023	61,515
Amenities	2017 - 2029	163,284
Mechanical	2017 - 2045	236,909
<u>Total:</u>		<u>\$ 841,406</u>

The Association is funding for Replacement Fund expenses using the “Cash Flow Method”. The “Cash Flow Method” does not fund for each component separately; rather, the reserve funds are in a common pool to be used to meet the disbursement requirements of any component as it is forecasted by the remaining life. The study assumes an annual inflation rate of 3%. As of December 31, 2021, the Association had accumulated \$287,221 in its general Replacement Fund and \$200,000 for perimeter fence replacement for a total of \$487,221. For the year ending December 31, 2022, the Association budgeted \$311,010 of assessments to be added to the Replacement Fund, comprising \$211,010 for the general Replacement Fund and \$100,000 for the perimeter fence project. The Replacement Fund study recommends an annual contribution of \$137,891 to the Replacement Fund for 2022 based on a projected ending balance for 2021 of \$679,770 for the general Replacement Fund.

In 2019 the Association’s Board of Directors observed that the perimeter fence was not included in the study. It is estimated that the fence may need to be replaced in the next eight to ten years at a cost of \$1.7 million.

**HOMESTEAD IN THE WILLOWS HOA
Trial Balance Worksheet**

Basis: Report

Account	T	Description	Workpaper	Dec 31, 2020	Dec 31, 2021 Unadjusted	Adjustments	Dec 31, 2021 Adjusted
100.1	A	COMPASS BANK MONEY MARKET		198,387.99	0.00		0.00
103.1	A	COMPASS BANK CLEAR CONNECT		3,334.66	0.00		0.00
110	A	CSB OPERATING		99,704.75	399,686.60		399,686.60
110.1	A	VECTRA BANK CHECKING		499,997.00	17,022.34		17,022.34
110.2	A	FNB CD SWIM TEAM JE08 TO RECORD THE SWIM TEAM INCOME AND EXPENSES		16,523.64	16,523.64	2,008.99	18,532.63
111.1	A	LPL FINANCIAL BMW BK		0.00	69,000.96		69,000.96
111.2	A	FNB OPERATING SWIM TEAM JE08 TO RECORD THE SWIM TEAM INCOME AND EXPENSES		8,369.52	8,369.52	709.21	9,078.73
112.1	A	LPL FINANCIAL NORTHPOINT		0.00	100,000.19		100,000.19
113.1	A	CASH BAL - GENL RESERVE		0.00	1,035.96		1,035.96
114.1	A	LPL FINANCIAL FIRST FIN BK		0.00	99,001.01		99,001.01
115.1	A	LPL FINANCIAL SAFRA NATL		0.00	200,000.00		200,000.00
116.1	A	CASH BAL FENCE FUND		0.00	993.16		993.16
117.1	A	ACCRUED INTEREST JE10 TO ACCRUE THE CD INTEREST PER STATEMENTS		0.00	0.00	168.17	168.17
118	A	PETTY CASH ADMIN		150.00	150.00		150.00
119	A	PETTY CASH TENNIS		100.00	100.00		100.00
120	A	ACCOUNTS RECEIVABLE JE01 TO RECLASSIFY DUE REC'D IN ADVANCE	B/L	1,750.00	5,851.31	2,250.42	8,101.73
122	A	ALLOWANCE FOR DOUBTFUL ACCOU		0.00	0.00		0.00
125	A	ADVERTISING ACCOUNTS RECEIVABL		0.00	238.00		238.00
126	A	PREPAID EXPENSES JE04 TO RECORD THE 12/31/22 PREPAID EXPENSES JE3 TO REVERSE 2020 ENTRY	D	16,855.38	16,855.38	16,138.88 (16,855.38)	16,138.88
130.2	A	IMPROVEMENTS		0.00	0.00		0.00
133	A	LAND & IMPROVEMENTS JE02 TO W/O BALANCES		0.00	634,170.00	(634,170.00)	0.00
133.2	A	CAPITAL EXPENSE SWIM TEAM		13,744.22	13,744.22		13,744.22
140.2	A	ACCUMULATED DEPRECIATION		0.00	0.00		0.00
143	A	ACCUMULATED DEPRECIATION JE02 TO W/O BALANCES		0.00	(634,170.00)	634,170.00	0.00
143.2	A	SWIM TEAM ACCUMULATED DEPRECI JE09 TO RECORD THE DEPRECIATION FOR THE YEAR F		(12,964.57)	(12,964.57)	(710.00)	(13,674.57)
200	L	ACCOUNTS PAYABLE JE05 TO REVERSE THE 2020 A/P JE06 TO RECORD THE 2021 A/P	J	(2,163.73)	(2,163.73)	2,163.73 (11,265.36)	(11,265.36)

**HOMESTEAD IN THE WILLOWS HOA
Trial Balance Worksheet**

Basis: Report

Account	T	Description	Workpaper	Dec 31, 2020	Dec 31, 2021 Unadjusted	Adjustments	Dec 31, 2021 Adjusted
240	L	ASSESSMENTS RECEIVED IN ADVANCE JE01 TO RECLASSIFY DUE REC'D IN ADVANCE	B/L	(1,150.00)	0.00	(2,250.42)	(2,250.42)
275	L	DEFERRED COMCAST INCOME JE07 TO RECORD THE COMCAST INCOME	L-1	(3,788.82)	(3,788.82)	3,788.82	0.00
280	L	DUE TO RESERVE FUND JE11 TO RECORD THE INTERFUND LIABILITY		0.00	0.00	(233,327.00)	(233,327.00)
285	A	DUE FROM OPERATING FUND JE11 TO RECORD THE INTERFUND LIABILITY		0.00	0.00	233,327.00	233,327.00
295	L	FUND BALANCE JE12 TO CLOSE THE FUND BALANCES		43,400.93	(111,457.58)	10,837.34	(100,620.24)
295.1	L	REPLACEMENT FUND BALANCE JE12 TO CLOSE THE FUND BALANCES		(701,719.65)	(701,719.65)	(8,829.14)	(710,548.79)
295.2	L	FUND BALANCE SWIM TEAM JE12 TO CLOSE THE FUND BALANCES		(25,672.81)	(25,672.81)	(2,008.20)	(27,681.01)
311	R	SINGLE HOME ASSESSMENTS		(1,032,125.00)	(1,077,600.00)		(1,077,600.00)
312	R	TOWNHOME ASSESSMENTS		(32,589.00)	(34,222.00)		(34,222.00)
313	R	ASSOCIATE MEMBERSHIPS		(550.00)	(4,445.74)		(4,445.74)
318	R	LATE FEES		(3,049.95)	(2,413.50)		(2,413.50)
321	R	INTEREST INCOME		(46.44)	(70.78)		(70.78)
331	R	ADVERTISING		(14,699.75)	(13,739.00)		(13,739.00)
351	R	TRANSFER FEES		(16,800.00)	(21,200.00)		(21,200.00)
355	R	ASSOCIATION FINES		(3,200.00)	(19,199.09)		(19,199.09)
356	L	TREE REPLACEMENT FUND		0.00	(7,230.00)		(7,230.00)
361	R	POOL & TENNIS KEYS		(180.00)	(290.00)		(290.00)
363	R	POOL RENTAL		(13,827.50)	(4,963.75)		(4,963.75)
365	R	OTHER INCOME		(225.97)	(479.63)		(479.63)
365.1	R	MISC INCOME RESERVES		(35,205.77)	0.00		0.00
366	R	COMCAST INCOME JE07 TO RECORD THE COMCAST INCOME	L-1	(15,715.00)	0.00	(3,788.82)	(3,788.82)
366.2	R	EVENTS & REGISTRATION SWIM TEAM JE08 TO RECORD THE SWIM TEAM INCOME AND EXPENSES		(18,800.00)	0.00	(63,958.60)	(65,958.60)
		JE08 TO RECORD THE SWIM TEAM INCOME AND EXPENSES				(2,000.00)	
369.2	R	INTEREST INCOME SWIM TEAM JE08 TO RECORD THE SWIM TEAM INCOME AND EXPENSES		(9.47)	0.00	(10.95)	(10.95)
371.2	R	OTHER INCOME		(90.00)	0.00		0.00

**HOMESTEAD IN THE WILLOWS HOA
Trial Balance Worksheet**

Basis: Report

Account	T	Description	Workpaper	Dec 31, 2020	Dec 31, 2021 Unadjusted	Adjustments	Dec 31, 2021 Adjusted
375.2	E	REGISTRATION REFUNDS		400.00	0.00		0.00
410.26	E	PAYROLL EXPENSE		19,080.40	0.00		0.00
410.29	E	COACHES BONUS		1,710.00	0.00		0.00
410.31	E	POOL OPERATIONS		1,479.53	0.00		0.00
410.39	E	TROPHIES		2,924.18	0.00		0.00
411	E	SALARY BUSINESS MANAGER		42,542.46	44,752.00		44,752.00
412	E	TEMPORARY HELP		8,479.50	11,917.50		11,917.50
421	E	PAYROLL TAXES		497.66	709.16		709.16
423	E	PAYROLL TAXES FICA		7,482.89	9,158.68		9,158.68
431	E	POSTAGE		1,371.40	1,034.30		1,034.30
432	E	PRINTING/COPYING		1,526.39	1,748.59		1,822.41
		JE05 TO REVERSE THE 2020 A/P				(37.71)	
		JE06 TO RECORD THE 2021 A/P	J			111.53	
433	E	EQUIPMENT REPAIR		1,518.15	1,772.33		1,772.33
434	E	OFFICE SUPPLIES		1,765.99	503.29		503.29
435	E	COMPUTER EXPENSE		2,088.61	3,806.40		3,806.40
436	E	OFFICE CLEANING/SNOW SHOVELING		1,204.12	1,658.01		1,658.01
437	E	MILEAGE ADMIN		213.32	222.88		222.88
438	E	MEMBERSHIP FEES		230.00	470.00		470.00
441	E	NEWSLETTER - PRINTING		9,818.26	13,325.52		14,129.18
		JE06 TO RECORD THE 2021 A/P	J			803.66	
442	E	NEWSLETTER - DELIVERY		2,870.00	2,710.00		2,710.00
443	E	NEWSLETTER - BAGS		393.19	393.19		393.19
447	E	ANNUAL MEETING COSTS		182.82	468.00		468.00
451	E	ACCOUNTING - AUDIT		2,900.00	2,900.00		2,900.00
452	E	ACCOUNTING - BOOKKEEPER		2,100.00	2,100.00		2,100.00
455	E	BANK SERVICE CHARGE		5.00	78.00		78.00
461	E	LEGAL		4,710.00	5,832.50		7,302.08
		JE05 TO REVERSE THE 2020 A/P				(147.00)	
		JE06 TO RECORD THE 2021 A/P	J			1,394.58	
		JE3 TO REVERSE 2020 ENTRY				222.00	
471	E	GENERAL INSURANCE		48,760.11	50,469.64		49,883.71
		JE04 TO RECORD THE 12/31/22 PREPAID EXPENSES	D			(10,136.81)	
		JE3 TO REVERSE 2020 ENTRY				9,550.88	
472	E	WORKER COMP		1,751.85	1,770.00		1,683.00
		JE04 TO RECORD THE 12/31/22 PREPAID EXPENSES	D			(595.33)	
		JE3 TO REVERSE 2020 ENTRY				508.33	
480	E	BATHROOM OPENING/CLOSING		0.00	3,688.66		3,688.66

**HOMESTEAD IN THE WILLOWS HOA
Trial Balance Worksheet**

Basis: Report

Account	T	Description	Workpaper	Dec 31, 2020	Dec 31, 2021 Unadjusted	Adjustments	Dec 31, 2021 Adjusted
483	E	ARCHITECTURAL CONTROL		9,651.74	9,527.50		9,527.50
490	E	POOL/TENNIS/KEYS		0.00	710.57		710.57
494	E	MISCELLANEOUS ADMIN		1,445.23	1,332.56		1,332.56
499	E	BAD DEBT EXPENSE		0.00	250.00		250.00
500	E	DEPRECIATION		914.00	0.00		0.00
500.2	E	SWIM TEAM DEPRECIATION		0.00	0.00		710.00
		JE09 TO RECORD THE DEPRECIATION FOR THE YEAR F				710.00	
511	E	SALARY - LANDSCAPE MAINTENANCE		24,183.00	30,394.44		30,394.44
513	E	TEMP HELP LAND MAINT		0.00	10,470.00		10,470.00
521	E	NON-CONTRACT PRUNING SPRAYING		1,330.00	12,230.00		12,230.00
541	E	MAINTENANCE CONTRACT		61,248.24	59,568.00		61,008.00
		JE3 TO REVERSE 2020 ENTRY				1,440.00	
551	E	R/M WALKWAYS		7,404.60	9,648.47		10,097.52
		JE05 TO REVERSE THE 2020 A/P				(611.56)	
		JE06 TO RECORD THE 2021 A/P	J			1,060.61	
552	E	R/M TREES PRUNING		33,045.00	39,523.00		39,523.00
553	E	SPRINKLER MAINTENANCE CONTRAC		15,328.00	11,496.00		11,496.00
554	E	R/M SOD RR TIES, BENCHES		6,683.00	1,950.00		1,950.00
555	E	R/M SPRINKLER		29,035.86	34,168.69		35,796.19
		JE06 TO RECORD THE 2021 A/P	J			1,627.50	
561	E	FLOWER BEDS		219.00	96.44		96.44
562	E	SPECIAL PROJECTS & REPAIRS		0.00	3,079.00		3,079.00
563	E	TREE REPLACEMENT EXPENSES		4,770.00	12,645.00		12,645.00
570	E	FENCE REPAIR		48,712.90	47,874.05		51,606.55
		JE06 TO RECORD THE 2021 A/P	J			3,732.50	
575	E	LANDSCAPE MISCELLANEOUS		899.68	2,557.78		2,629.06
		JE06 TO RECORD THE 2021 A/P	J			71.28	
610	E	POOL MANAGEMENT CONTRACT		134,751.00	122,060.00		122,060.00
631	E	POOL SUPPLIES - JANITORIAL		2,308.20	836.66		836.66
632	E	POOL SUPPLIES - CHEMICALS		18,113.47	17,304.46		17,304.46
633	E	POOL SUPPLIES - OFFICE		1,027.20	711.74		711.74
641	E	R/M POOLS		5,498.55	9,079.71		9,079.71
642	E	R/M POOL BUILDINGS		5,582.52	11,527.37		11,527.37
643	E	R/M POOL EQUIPMENT		3,633.39	1,014.09		1,014.09
644	E	R/M POOL FURNITURE		375.00	0.00		0.00
651	E	TELEPHONE		1,411.64	877.12		877.12
661	E	POOL OPENING/CLOSNG		7,334.18	19,255.94		19,255.94
672	E	POOL TEAM FUNDING		0.00	2,000.00		2,000.00

**HOMESTEAD IN THE WILLOWS HOA
Trial Balance Worksheet**

Basis: Report

Account	T	Description	Workpaper	Dec 31, 2020	Dec 31, 2021 Unadjusted	Adjustments	Dec 31, 2021 Adjusted
681	E	SPECIAL EVENTS		0.00	5,937.82		5,937.82
691	E	MISC POOL		671.49	(2,527.14)		(2,527.14)
711	E	SLARY - TENNINS MANAGER		5,400.00	6,500.04		6,500.04
731	E	TENNIS SUPPLIES/MAINTENANCE		1,669.14	2,639.68		2,639.68
732	E	CLEANING		4,800.00	3,499.92		3,499.92
733	E	TENNIS REPAIRS		1,245.43	0.00		0.00
741	E	TENNIS KEYS & LOCKS		608.08	284.91		284.91
761	E	TENNIS PROGRAM FUNDING		1,298.88	1,093.84		1,093.84
811	E	WATER		121,890.62	95,849.95		96,987.62
		JE05 TO REVERSE THE 2020 A/P				(563.59)	
		JE06 TO RECORD THE 2021 A/P	J			1,701.26	
812	E	SEWER		8,786.88	9,288.05		9,015.48
		JE04 TO RECORD THE 12/31/22 PREPAID EXPENSES	D			(5,406.74)	
		JE3 TO REVERSE 2020 ENTRY				5,134.17	
813	E	GAS		4,990.70	6,235.22		6,431.22
		JE06 TO RECORD THE 2021 A/P	J			196.00	
814	E	ELECTRIC		11,205.13	13,015.41		12,823.38
		JE05 TO REVERSE THE 2020 A/P				(719.60)	
		JE06 TO RECORD THE 2021 A/P	J			527.57	
815	E	PHONE OFICE		2,174.53	2,067.12		2,021.72
		JE05 TO REVERSE THE 2020 A/P				(84.27)	
		JE06 TO RECORRE THE 2021 A/P	J			38.87	
817	E	TRASH REMOVAL		107,939.60	92,622.88		92,622.88
840	E	DONATIONS		0.00	1,108.03		1,108.03
845	E	VANDALISM		0.00	9,089.36		9,089.36
850.2	E	SWIM TEAM EXPENSES		0.00	0.00		63,251.35
		JE08 TO RECORD THE SWIM TEAM INCOME AND EXPENSES				63,251.35	
851	E	RESERVE FUND CONTRIBUTION		247,599.00	0.00		233,327.00
		JE13 TO RECORD THE RESERVE INCOME PER BUDGET				233,327.00	
899.2	R	RESERVE INTEREST INCOME		(3,466.38)	(38.45)		(206.62)
		JE10 TO ACCRUE THE CD INTEREST PER STATEMENTS				(168.17)	
900	R	RESERVE INCOME		(247,599.00)	0.00		(233,327.00)
		JE13 TO RECORD THE RESERVE INCOME PER BUDGET				(233,327.00)	
900.1	E	POOL EXPENSE		93,087.21	55,097.54		55,097.54
901.1	E	LANDSCAPE EXPNESE		11,055.55	36,687.90		36,687.90
902.1	E	TENNIS EXPENSE		7,583.43	21,373.00		21,373.00
904.1	E	BUSINESS OFFICE EXPENSE		58,236.82	101,510.04		101,510.04
905.1	E	BANK CHARGE		167.00	36.00		36.00

HOMESTEAD IN THE WILLOWS HOA
Trial Balance Worksheet

Basis: Report

Account	T	Description	Workpaper	Dec 31, 2020	Dec 31, 2021 Unadjusted	Adjustments	Dec 31, 2021 Adjusted
		Total		<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
		Profit/(Loss)		<u>154,858.51</u>	<u>83,575.13</u>	<u>(3,852.94)</u>	<u>79,722.19</u>

Prepared by _____

HOMESTEAD IN THE WILLOWS HOA

Adjusting Journal Entries

HOMESTEADWI

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
<i>MAKE ALL ENTRIES IN 2021</i>							
JE01	Adjusting	04/21/22					
		120	ACCOUNTS RECEIVABLE	2,250.42			
		240	ASSESSMENTS RECEIVED IN /		2,250.42		<i>Reverse in 2022</i>
			TO RECLASSIFY DUE REC'D IN ADVANCE			0.00	B/L
JE02	Adjusting	04/21/22					
		133	LAND & IMPROVEMENTS		634,170.00		
		143	ACCUMULATED DEPRECIATIC	634,170.00			
			TO W/O BALANCES			0.00	
JE04	Adjusting	04/21/22					
		126	PREPAID EXPENSES	16,138.88			
		472	WORKER COMP		595.33		
		471	GENERAL INSURANCE		10,136.81		
		812	SEWER		5,406.74		
			TO RECORD THE 12/31/22 PREPAID EXPENSES			16,138.88	D
JE05	Adjusting	04/21/22					
		200	ACCOUNTS PAYABLE	2,163.73			
		432	PRINTING/COPYING		37.71		
		461	LEGAL		147.00		
		551	R/M WALKWAYS		611.56		
		811	WATER		563.59		
		814	ELECTRIC		719.60		
		815	PHONE OFFICE		84.27		
			TO REVERSE THE 2020 A/P			2,163.73	
JE06	Adjusting	04/21/22					
		200	ACCOUNTS PAYABLE		11,265.36		
		432	PRINTING/COPYING	111.53			
		441	NEWSLETTER - PRINTING	803.66			
		461	LEGAL	1,394.58			
		551	R/M WALKWAYS	1,060.61			
		555	R/M SPRINKLER	1,627.50			
		570	FENCE REPAIR	3,732.50			
		575	LANDSCAPE MISCELLANEOU!	71.28			
		811	WATER	1,701.26			
		813	GAS	196.00			
		814	ELECTRIC	527.57			
		815	PHONE OFFICE	38.87			

**HOMESTEAD IN THE WILLOWS HOA
Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
			TO RECORD THE 2021 A/P			(11,265.36)	J
JE07	Adjusting	04/26/22					
		366	COMCAST INCOME		3,788.82		
		275	DEFERRED COMCAST INCOMI	3,788.82			
			TO RECORD THE COMCAST INCOME			3,788.82	L-1
JE08	Adjusting	04/26/22					
		110.2	FNB CD SWIM TEAM	2,008.99			
		111.2	FNB OPERATING SWIM TEAM	709.21			
		369.2	INTEREST INCOME SWIM TEA		10.95		
		366.2	EVENTS & REGISTRATION SW		63,958.60		
		850.2	SWIM TEAM EXPENSES	63,251.35			
		366.2	EVENTS & REGISTRATION SW		2,000.00		
			TO RECORD THE SWIM TEAM INCOME AND EXPENSES			2,718.20	
JE09	Adjusting	04/26/22					
		500.2	SWIM TEAM DEPRECIATION	710.00			
		143.2	SWIM TEAM ACCUMULATED		710.00		
			TO RECORD THE DEPRECIATION FOR THE YEAR			(710.00)	F
JE10	Adjusting	04/26/22					
		117.1	ACCRUED INTEREST	168.17			
		899.2	RESERVE INTEREST INCOME		168.17		
			TO ACCRUE THE CD INTEREST PER STATEMENTS			168.17	
JE11	Adjusting	04/26/22					
		280	DUE TO RESERVE FUND		233,327.00		
		285	DUE FROM OPERATING FUND	233,327.00			
			TO RECORD THE INTERFUND LIABILITY			0.00	

*Do Not Make
this entry*

*Do Not Make
this entry*

TO RESERVE FUND

*TO OPERATING FUND
233,327.00
TO RESERVE FUND*

*RESERVE FUND ENTRY
REVERSE IN
2022*

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**HOMESTEAD IN THE WILLOWS HOA
Adjusting Journal Entries**

HOMESTEADWI

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Reviewed by _____

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
JE12	Adjusting	04/26/22					
		295	FUND BALANCE	10,837.34			
		295.1	REPLACEMENT FUND BALAN		8,829.14		
		295.2	FUND BALANCE SWIM TEAM		2,008.20		<i>— DO NOT MAKE THIS ENTRY</i>
			TO CLOSE THE FUND BALANCES			0.00	
JE13	Adjusting	04/26/22					
		851	RESERVE FUND CONTRIBUTIC	233,327.00			<i>TO OPERATING FUND</i>
		900	RESERVE INCOME		233,327.00		<i>TO RESERVE FUND SEE JE 11 ABOVE</i>
			TO RECORD THE RESERVE INCOME PER BUDGET			0.00	<i>REVERSE IN 2022</i>
JE3	Adjusting	04/21/22					
		126	PREPAID EXPENSES		16,855.38		
		461	LEGAL	222.00			
		472	WORKER COMP	508.33			
		812	SEWER	5,134.17			
		471	GENERAL INSURANCE	9,550.88			
		541	MAINTENANCE CONTRACT	1,440.00			
			TO REVERSE 2020 ENTRY			(16,855.38)	
		TOTAL		<u>1,230,971.65</u>	<u>1,230,971.65</u>	<u>(3,852.94)</u>	