

**FLINTRIDGE VILLAGE CONDOMINIUM**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**With Independent Accountant's Review Report**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**FLINTRIDGE VILLAGE CONDOMINIUM  
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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of Flintridge Village Condominium  
Eugene, Oregon

We have reviewed the accompanying financial statements of Flintridge Village Condominium, which comprise the Statement of Assets, Liabilities and Fund Balance-modified cash basis as of December 31, 2020, and the related Statement of Receipts, Disbursements, and Changes in Fund Balance-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 Association 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; this includes determining that the modified 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.

### **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 the modified cash basis of accounting. 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 the modified cash basis of accounting.



### **Basis of Accounting**

We draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 conclusion is not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on pages 9 through 11 be presented to supplement the basic financial statements. Such information, although not a required 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. The information is the responsibility of management. We have compiled the supplementary information in accordance with Statement on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

*Ihde CPA, PC*

Beaverton, Oregon  
May 25, 2021

**FLINTRIDGE VILLAGE CONDOMINIUM**  
**STATEMENT OF ASSETS, LIABILITIES & FUND BALANCE-MODIFIED CASH BASIS**  
**December 31, 2020**

	<b>OPERATING FUND</b>	<b>REPLACEMENT FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 33,195	\$ 351,146	\$ 384,341
Total Assets	\$ 33,195	\$ 351,146	\$ 384,341
<b>LIABILITIES &amp; FUND BALANCE</b>			
Prepaid Assessments	\$ 8,366	\$ -	\$ 8,366
Fund Balance	24,829	351,146	375,975
Total Liabilities and Fund Balance	\$ 33,195	\$ 351,146	\$ 384,341

See accompanying notes and Independent Accountant's Review Report

**FLINTRIDGE VILLAGE CONDOMINIUM**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND BALANCE-MODIFIED CASH BASIS**  
**Year Ended December 31, 2020**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<b>CASH RECEIPTS</b>			
Assessments	\$ 243,896	\$ 100,335	\$ 344,231
Interest	-	248	248
Collection Fees	1,050	-	1,050
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 244,946</b>	<b>\$ 100,583</b>	<b>\$ 345,529</b>
<b>CASH DISBURSEMENTS</b>			
Property Maintenance	\$ 27,234	\$ -	\$ 27,234
Major Repairs and Replacements	-	115,903	115,903
Landscaping	62,085	-	62,085
Pool	5,742	-	5,742
Utilities	73,605	-	73,605
Management Fees	27,419	-	27,419
Insurance	23,199	-	23,199
Legal	2,242	-	2,242
Financial Review/Tax Prep	2,396	-	2,396
Administration	2,465	-	2,465
<b>TOTAL CASH DISBURSEMENTS</b>	<b>\$ 226,387</b>	<b>\$ 115,903</b>	<b>\$ 342,290</b>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ 18,559</b>	<b>\$ (15,320)</b>	<b>\$ 3,239</b>
<b>BEGINNING FUND BALANCE</b>	<b>\$ 6,270</b>	<b>\$ 366,466</b>	<b>\$ 372,736</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 24,829</b>	<b>\$ 351,146</b>	<b>\$ 375,975</b>

See accompanying notes and Independent Accountant's Review Report

**FLINTRIDGE VILLAGE CONDOMINIUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2020**

**Note 1 – Nature of Organization**

The Flintridge Village Condominium (the “Association”) was organized under the provisions of the Oregon Condominium Act and incorporated on December 2, 2011 under the provision of Oregon Non-Profit Corporation Law. The purpose of the Association is to serve as the means through which the homeowners may take action with regard to administration, management, and operation of the Association. The Association consists of 91 units and is located in Lane County, Oregon.

**Note 2 – Date of Management’s Review**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 25, 2021, the date that the financial statements were available to be issued.

**Note 3 – Summary of Significant Accounting Policies**

**Accounting Method**

The Association prepares its year-end financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The basis of presentation differs from the generally accepted accounting principles (GAAP) in that revenues are recognized when received rather than earned and expenses are recognized when paid rather than when the obligation is incurred. Specifically, the variances from GAAP include omission of assessments receivables. However, similar to GAAP, the Association reports prepaid assessments.

**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 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 the future major repairs and replacements.

**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 are recognized as revenue when received. The revenue is secured by the Association’s right to retain legal counsel and place a lien on the unit. As of December 31, 2020, the Association had \$7,634 of delinquent assessments.

Continued

The annual budget and assessments of owners are determined and approved by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future years.

**Cash and Cash Equivalents**

Cash and Cash Equivalents include all short-term, highly-liquid investments with original maturities of three months or less.

**Interest Income**

Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

**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, 2020. Under that section, the Association is not taxed on all income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government and at 6.6% by the State of Oregon.

**Note 5 – Common Property**

Common Property includes all parts of the Condominium exclusive of the units. This common property is not capitalized on the Association’s financial statements because those properties are owned by the individual unit owners in common and not by the Association. Common areas are restricted to the use by Association members, their tenants, and guests. As of December 31, 2020, the Association did not hold title to any property or equipment. Replacements, major repairs, and purchases of additional commonly owned real estate are accounted for as expenses in the year of expenditure.

**Note 6 – Future Major Repairs and Replacements**

The Association’s governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$351,146 at December 31, 2020, are held in separate accounts and are generally not available for operating purposes.

During the current year, the Association collected \$100,335 of reserve assessments. Interest earned on the replacement fund for the year was \$248. The Association spent \$115,903 of the replacement fund on major repairs and replacements.

Continued



The Association engaged an independent engineer who conducted a study in December 2019 to estimate the remaining useful lives and the replacement costs of the common property components. The study utilized the cash flow method and the threshold funding model, which establishes a reserve funding goal that keeps the reserve balance above \$84,108. The table included in the compiled supplementary information on Future Major Repairs and Replacements on pages 9 through 11 is based on this study.

The Association is not following the funding schedule indicated in the reserve study. The ultimate effect of not funding and maintaining Association property is not known at this time. 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.

**Note 7 – Community Management**

The Association employs a community management company to perform accounting and community management functions.

**Note 8 – Concentration of Credit Risk**

The Association maintains its cash balances in two financial institutions, Summit Bank and Columbia Bank. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020, the Association's uninsured cash balance with Columbia Bank totaled \$101,146.

**Note 9 – COVID-19**

The COVID-19 global pandemic has caused mandatory and voluntary closing of businesses across a range of industries. This business disruption began in January 2020 and is anticipated to continue for the foreseeable future. The extent of the impact of COVID-19 on the Association's financial performance will depend on future developments, however, that impact cannot be reasonably estimated at this time.

**FLINTRIDGE VILLAGE CONDOMINIUM  
REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS  
AND REPLACEMENTS (COMPILED)  
Year Ended December 31, 2020**

An independent company conducted a study in December 2019 to estimate the remaining useful lives and replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study assuming an annual inflation rate of 2.50% and an investment rate of 0.50% with no provision for income taxes.

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

<b>COMPONENTS</b>	<b>ESTIMATED REMAINING USEFUL LIVES (YEARS)</b>	<b>ESTIMATED CURRENT REPLACEMENT COST</b>
Asphalt: Phase I - Overlay	9	\$ 14,263
Asphalt: Phase I - Seal Coat	2	1,902
Asphalt: Phase II - Overlay	9	13,068
Asphalt: Phase II - Seal Coat	2	1,742
Asphalt: Phase III - Overlay	9	19,832
Asphalt: Phase III - Seal Coat	2	2,644
Asphalt: Phase IV, V, VI - Overlay	16	40,741
Asphalt: Phase IV, V, VI - Seal Coat	2	5,432
Barkdust	1	6,000
Building Envelope Inspection	0	10,250
Deck - Replacements/Repairs	0	16,400
Electrical Inspection	0	10,250
Fence - Repair/Replacement	0	3,266
Globe Lights - Replacement	16	1,999
Gutters & Downspouts: Phase 1-2 - Replac..	23	41,985
Gutters & Downspouts: Phase 3 - Replace..	22	16,235
Gutters & Downspouts: Phase 4 - Replace..	24	10,885
Gutters & Downspouts: Phase 5 - Replace..	24	19,924
Gutters & Downspouts: Phase 6 - Replace..	0	20,397
Office: Windows - Replacement	<i>Unfunded</i>	-
Plumbing Inspection	0	10,250
Roof: Phase 1A - Replacement	11	64,440
Roof: Phase 1B - Replacement	12	84,600
Roof: Phase 1C - Replacement	13	96,000
Roof: Phase 2A - Replacement	14	76,560
Roof: Phase 2B - Replacement	15	92,532

Continued

<b>COMPONENTS</b>	<b>ESTIMATED REMAINING USEFUL LIVES (YEARS)</b>	<b>ESTIMATED CURRENT REPLACEMENT COST</b>
Roof: Phase 3A - Replacement	6	67,500
Roof: Phase 3B - Replacement	9	41,472
Roof: Phase 4A - Replacement	9	35,100
Roof: Phase 4B - Replacement	9	43,392
Roof: Phase 5A - Replacement	5	51,300
Roof: Phase 5B - Replacement	3	81,000
Roof: Phase 6 - Replacement	0	108,600
Siding: Phase 1 - Paint	0	63,499
Siding: Phase 1 - Repair	0	27,894
Siding: Phase 1 - Replacement	14	557,882
Siding: Phase 2 - Paint	0	49,271
Siding: Phase 2 - Repair	0	21,644
Siding: Phase 2 - Replacement	14	432,883
Siding: Phase 3 - Paint	0	49,306
Siding: Phase 3 - Repair	0	21,660
Siding: Phase 3 - Replacement	21	433,191
Siding: Phase 4 - Paint	1	27,247
Siding: Phase 4 - Repair	1	11,969
Siding: Phase 4 - Replacement	21	239,389
Siding: Phase 5 - Paint	1	39,900
Siding: Phase 5 - Repair	1	17,527
Siding: Phase 5 - Replacement	22	350,550
Siding: Phase 6 - Paint	1	38,325
Siding: Phase 6 - Repair	1	16,836
Siding: Phase 6 - Replacement	22	336,712
<i>Pool/Clubhouse</i>		
Clubhouse: Bathroom - Renovation	6	4,100
Clubhouse: Carpet - Replacement	8	3,946
Clubhouse: Doors - Replacement	16	8,456
Clubhouse: Exterior Lights - Replacement	6	769
Clubhouse: Furniture - Replacement	3	2,050
Clubhouse: Gutters/Downspouts - Replace..	11	2,337
Clubhouse: HVAC - Replacement	1	5,125
Clubhouse: Interior Painting	3	1,947
Clubhouse: Roof - Replacement	11	19,731
Clubhouse: Siding - Paint	0	5,040
Clubhouse: Siding - Repair	0	4,428
Clubhouse: Siding - Replacement	13	44,280
Clubhouse: Water Heater - Replacement	2	1,230

Continued

<b>COMPONENTS</b>	<b>ESTIMATED REMAINING USEFUL LIVES (YEARS)</b>	<b>ESTIMATED CURRENT REPLACEMENT COST</b>
Clubhouse: Windows - Replacement	<i>Unfunded</i>	-
Pool: Chlorinator - Replacement	9	4,500
Pool: Deck - Repair	28	2,511
Pool: Fence - Replacement	6	6,458
Pool: Filter - Replacement	0	2,563
Pool: Furniture - Replacement	1	2,050
Pool: Heater - Replacement	8	4,100
Pool: Liner - Replacement	2	12,300
Pool: Pump - Replacement	0	512
Total		<u>\$ 3,984,079</u>

See accompanying notes and Independent Accountant's Review Report