

**Oakland Hills Portage
Condominium Association**

Financial Statements

December 31, 2015

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Independent Accountants' Review Report

Board of Directors
Oakland Hills Portage Condominium Association
Portage, Michigan

We have reviewed the accompanying financial statements of Oakland Hills Portage Condominium Association which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, expenses, and changes in association equity and cash flows 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 the 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 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 conformity with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The prior year summarized comparative information has been derived from Oakland Hills Portage Condominium Association's 2014 financial statements, which were previously reviewed by us, and in our report dated January 22, 2015 we stated we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 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, 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 compiled the required supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Yeo & Yeo, P.C.

Lansing, Michigan
May 4, 2016

Oakland Hills Portage Condominium Association
Balance Sheet
December 31, 2015
(With Summarized Comparative Information for December 31, 2014)

	General Operating Fund	Replacement Fund	Totals	
			2015	2014
Assets				
Current assets				
Cash	\$ 5,339	\$ 217,004	\$ 222,343	\$ 145,796
Assessments receivable	775	-	775	350
Interfund balance	(13,500)	13,500	-	-
Prepaid insurance	330	-	330	3,932
Total current assets	\$ (7,056)	\$ 230,504	\$ 223,448	\$ 150,078
Liabilities and fund balance				
Current Liabilities				
Accounts payable	\$ 16,843	\$ -	\$ 16,843	\$ 6,726
Assessments received in advance	19,365	-	19,365	18,880
Total current liabilities	36,208	-	36,208	25,606
Fund balance (deficit)				
General operating	(43,264)	-	(43,264)	(11,050)
Replacement fund	-	230,504	230,504	135,522
Total fund balance	(43,264)	230,504	187,240	124,472
Total liabilities and fund balance	\$ (7,056)	\$ 230,504	\$ 223,448	\$ 150,078

See Accompanying Independent Accountants' Review Report
and Notes to the Financial Statements

Oakland Hills Portage Condominium Association
Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2015
(With Summarized Comparative Information for December 31, 2014)

	General	Replacement	Totals	
	Operating		2015	2014
	Fund	Fund		
Revenues				
Member assessments	\$ 364,888	\$ -	\$ 364,888	\$ 331,087
Special assessment	-	23,625	23,625	-
Miscellaneous fees and charges	50	-	50	-
Interest income	-	182	182	138
Total revenues	364,938	23,807	388,745	331,225
Expenses				
Administrative				
Office supplies and postage	699	-	699	770
Management fees	24,833	-	24,833	18,870
Legal and accounting	900	-	900	695
Website	888	-	888	1,890
Miscellaneous administrative	611	-	611	866
Total administrative	27,931	-	27,931	23,091
Utilities and services				
Cable	1,810	-	1,810	1,231
Electricity	12,610	-	12,610	7,628
Gas	3,437	-	3,437	2,490
Trash removal	18,723	-	18,723	17,633
Water and sewer	58,944	-	58,944	55,621
Total utilities and services	95,524	-	95,524	84,603
Maintenance and repairs				
Contracted maintenance services	15,494	-	15,494	10,638
Contracted cleaning services	2,178	-	2,178	2,308
Maintenance and repair supplies	3,760	-	3,760	5,140
Landscape and grounds maintenance	70,471	-	70,471	57,779
Pond maintenance	10,509	-	10,509	8,865
Reservoir landscaping and pump replacement	-	-	-	9,184
Asphalt repair	3,250	-	3,250	-
Irrigation	20,921	-	20,921	17,752
Snow removal	24,627	-	24,627	29,469
Pool maintenance and repair	10,624	-	10,624	10,003
Other maintenance and repair	5,284	-	5,284	6,254
Total maintenance and repairs	167,118	-	167,118	157,392

See Accompanying Independent Accountants' Review Report
and Notes to the Financial Statements

Oakland Hills Portage Condominium Association
Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2015
(With Summarized Comparative Information for December 31, 2014)

	General Operating Fund	Replacement Fund	Totals	
			2015	2014
Other expenses				
Property and liability insurance	25,930	-	25,930	21,750
Fidelity bond	422	-	422	370
Security	22,252	-	22,252	21,773
Total other expenses	48,604	-	48,604	43,893
Total expenses	339,177	-	339,177	308,979
Excess of revenues over (under) expenses	25,761	23,807	49,568	22,246
Interfund transfers	(71,175)	71,175	-	-
Buy-in assessments	13,200	-	13,200	11,000
Beginning fund balance (deficit)	(11,050)	135,522	124,472	91,226
Ending fund balance (deficit)	\$ (43,264)	\$ 230,504	\$ 187,240	\$ 124,472

See Accompanying Independent Accountants' Review Report
and Notes to the Financial Statements

Oakland Hills Portage Condominium Association
Statement of Cash Flows
For the Year Ended December 31, 2015
(With Summarized Comparative Information for December 31, 2014)

	General	Replacement	Totals	
	Operating		Fund	2015
	Fund	Fund		
Cash flows from operating activities:				
Excess revenues over expenses	\$ 25,761	\$ 23,807	\$ 49,568	\$ 22,246
Interfund transfers	(71,175)	71,175	-	-
Changes in operating assets and liabilities:				
Assessments receivable	(425)	-	(425)	150
Interfund balances	13,500	(13,500)	-	-
Prepaid insurance	3,602	-	3,602	(1,692)
Accounts payable	10,117	-	10,117	3,362
Assessments received in advance	485	-	485	2,975
Net cash provided by (used in) operating activities	(18,135)	81,482	63,347	27,041
Cash flows from financing activities				
Buy - in assessments	13,200	-	13,200	11,000
Change in cash	(4,935)	81,482	76,547	38,041
Cash at beginning of year	10,274	135,522	145,796	107,755
Cash at end of year	\$ 5,339	\$ 217,004	\$ 222,343	\$ 145,796

See Accompanying Independent Accountants' Review Report
and Notes to the Financial Statements

Oakland Hills Portage Condominium Association
Notes to the Financial Statements
December 31, 2015
(With Summarized Comparative Information for December 31, 2014)

Note 1 - Nature of Organization

Oakland Hills Portage Condominium Association (Association) is a statutory condominium association organized as a not-for-profit corporation for the purpose of maintaining and preserving common property of the condominium association. As of December 31, 2015, the Association consisted of 128 residential units in Portage, Michigan with plans for more units to be constructed in the future. The Association began its operation on September 1, 2006.

Note 2 - Summary of Significant Accounting Policies

Fund Accounting

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:

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

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

Cash Equivalents

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.

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. The Association's policy is to retain legal counsel and place liens on the properties whose assessments are 90 days or more delinquent. It is the opinion of the Association's management that it will prevail against delinquent members and, accordingly, no allowance for uncollectible accounts is deemed necessary. Any excess assessments at year end are retained by the Association for use in the succeeding year.

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 owned by the individual unit owners in common and not by the Association. The Association capitalizes all property and equipment to which it has title or other evidence of ownership.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2015. 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America (US GAAP) 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.

See Accompanying Independent Accountants' Review Report

Oakland Hills Portage Condominium Association
Notes to the Financial Statements
December 31, 2015
(With Summarized Comparative Information for December 31, 2014)

Comparative Financial Information

The financial information for the year ended December 31, 2014, presented for comparative purposes, is not intended to be a complete financial statement presentation in accordance with US GAAP.

Subsequent Events

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Subsequent events which provide evidence about conditions that existed before or after the financial statement date, may require disclosure in the accompanying notes or recognition in the financial statements. Management evaluated the activity of the entity through May 4, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

Note 3 - Future Major Repairs and Replacements

The cash received for repair and replacement, are funds that have been set aside by the Association for purposes described in the by-laws of the Association. Generally such purposes are for repairs, replacement and other contingencies that may develop in the operations of the Association. State of Michigan administrative code for condominiums and the Association's bylaws require the co-owners to maintain a reserve fund which, at a minimum, shall be funded in an amount equal to 10% of the Association's current annual budget on a noncumulative basis. Currently, the Association is transferring approximately \$ 6,300 per month to the reserve account. At December 31, 2015 and 2014, the total funds designated for such purposes amounted to \$ 230,504 and \$ 135,522, respectively.

Gardner Management Company conducted a study in December 2013 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current replacement costs. The Association is funding for major repairs and replacements based on the annual minimum required funding level. Actual expenditures and investment income 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 all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to board approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note 4 - Buy-In Assessment

At the time of change in ownership, the purchaser of the unit shall pay to the Association an amount equal to two monthly membership assessments. The Association kept the buy-in fees collected in 2015 in the operating account and used them for normal operations.

Note 5 – Special Assessment

The Association's Board of Directors approved and collected a \$ 23,625 special assessment in 2015. The proceeds of which, will be used to replenish the replacement fund for funds borrowed in 2014 to pay operating expenses resulting from an operating shortfall. The board also approved a special assessment in the first quarter of 2016 in the amount of \$ 325 per member to replenish replacement reserve funds for money borrowed to pay operating expenses and generate operating funds to cover 2015 operating deficits.

Oakland Hills Portage Condominium Association
Supplementary Information on Future Major Repairs and Replacements
December 31, 2015

Gardner Management Company conducted a study in December 2013 to estimate useful lives and the 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. Estimated current replacement costs do not take into account the effects of inflation between the date of the study and the date that the components will require replacement.

The following information is based on the study and presents significant information about the components of common property. Amounts have been rounded to the nearest one hundred dollars.

ITEM NO.	COMPONENTS	UNIT	NUMBER OF UNITS	UNIT REPLACEMENT COST	NORMAL ECONOMIC LIFE	REMAINING	
						ECONOMIC LIFE (AS OF DECEMBER 2013)	TOTAL REPLACEMENT COST
1	asphalt roads	sf	150,000	\$1.75	20	13	\$262,500
2	unit roofs	sf	300,000	\$3.00	25	18	\$900,000
3	unit siding	ea	450,000	\$3.00	25	18	\$1,350,000
4	entry doors	ea	136	\$400.00	25	18	\$54,400
5	garage doors	ea	136	\$900.00	25	18	\$122,400
6	well	ea	1	\$7,000.00	25	18	\$7,000
7	water feature pumps	ea	1	\$20,000.00	25	18	\$20,000
8	clubhouse parking lot	sf	7,000	\$1.75	20	13	\$12,250
9	clubhouse roof	sf	4,500	\$3.00	25	18	\$13,500
10	clubhouse siding	sf	8,000	\$3.00	25	18	\$24,000
11	clubhouse entry doors	ea	2	\$2,500.00	25	18	\$5,000
12	clubhouse windows	ea	20	\$2,000.00	25	18	\$40,000
13	clubhouse carpets	sf	1,200	\$6.75	10	3	\$8,100
14	clubhouse furniture	ea	1	\$30,000.00	20	13	\$30,000
15	clubhouse exercise equip.	ea	1	\$18,500.00	20	13	\$18,500
16	clubhouse furnace/air cond.	ea	1	\$7,500.00	25	18	\$7,500
17	pool	ea	1	\$50,000.00	25	18	\$50,000
					Total:		\$2,925,150