

**BELLE POINTE ESTATES
CONDOMINIUM ASSOCIATION**

FINANCIAL STATEMENT

Year Ended December 31, 2023

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	
FINANCIAL STATEMENT	
Balance Sheet	1
Statement of Revenues, Expenses and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statement	4-6

Pate & Associates, P.C.

Certified Public Accountants

43455 Schoenherr, Suite # 9

Sterling Heights, MI 48313

Phone (586) 446-8000

Fax (586) 446-8009

Independent Accountant's Review Report

To The Board of Directors
Belle Pointe Estates Condominium Association
Van Buren Township, Michigan

We have reviewed the accompanying financial statements of Belle Pointe Estates Condominium Association, which comprise the balance sheet as of December 31, 2023, and the related statement of revenue, expenses and changes in fund balance and cash flow for the year then ended, and the related notes to the financial statement. 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 statement as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement 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 statement 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 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 on the Financial Statement

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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 statement. Such missing information, although not a part of the basic financial statement, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. The results of our review of the basic financial statement are not affected by that missing information.

Pate & Associates, P.C.

PATE AND ASSOCIATES, P.C.

Certified Public Accountants

Sterling Heights, Michigan

June 18, 2024

BELLE POINTE ESTATES CONDOMINIUM ASSOCIATION

BALANCE SHEET

DECEMBER 31, 2023

	2023		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,749	\$ 14,961	\$ 19,710
Assessment Receivable	<u>18,453</u>	<u>-</u>	<u>18,453</u>
TOTAL ASSETS	<u>\$ 23,202</u>	<u>\$ 14,961</u>	<u>\$ 38,163</u>
 LIABILITIES & FUND BALANCE			
Prepaid Association Fees	\$ 2,680	\$ -	\$ 2,680
Accounts Payable-Trade	<u>14,740</u>	<u>-</u>	<u>14,740</u>
TOTAL LIABILITIES	<u>17,420</u>	<u>-</u>	<u>17,420</u>
Fund Balances	<u>5,782</u>	<u>14,961</u>	<u>20,743</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 23,202</u>	<u>\$ 14,961</u>	<u>\$ 38,163</u>

See Accompanying Notes and Independent Accountant's Review Report

BELLE POINTE ESTATES CONDOMINIUM ASSOCIATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUES			
<u>Operating Revenue</u>			
Co-owner Assessment	\$ 62,717	\$ -	\$ 62,717
<u>Other Revenue</u>			
Interest	-	372	372
Late Charges	3,475	-	3,475
	<u>66,192</u>	<u>372</u>	<u>66,564</u>
EXPENSES			
<u>Administrative and Office</u>			
Management fee	1,650	-	1,650
Office supply and expense	4,866	-	4,866
Professional fees	4,923	-	4,923
<u>Grounds and Facilities</u>			
Building repairs and maintenance	740	-	740
Grounds and landscaping	65,064	-	65,064
Snow removal	8,085	-	8,085
<u>Operating Expenses</u>			
Bad Debt	1,112	-	1,112
Insurance	3,637	-	3,637
Utilities	2,550	-	2,550
	<u>92,627</u>	<u>-</u>	<u>92,627</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(26,435)	372	(26,063)
FUND BALANCE AT BEGINNING OF YEAR	46,806	-	46,806
Transfers between funds	<u>(14,589)</u>	<u>14,589</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 5,782</u>	<u>\$ 14,961</u>	<u>\$ 20,743</u>

See Accompanying Notes and Independent Accountant's Review Report

BELLE POINTE ESTATES CONDOMINIUM ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash Flows From Operating Activities			
Excess of revenues over expenses	\$ (26,435)	\$ 372	\$ (26,063)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Increase in:			
Prepaid Association Dues	-	-	-
Accounts Receivable	(8,453)	-	(8,453)
Prepaid Association Dues	2,680	-	2,680
Accounts Payable	13,585	-	13,585
Decrease in:			
Accounts Payable	-	-	-
Assessment Receivable	-	-	-
Net Cash (Used by) Provided by Operating Activities	<u>(18,623)</u>	<u>372</u>	<u>(18,251)</u>
 Cash Flows From Financing Activities			
Interfund transfers	<u>(14,589)</u>	<u>14,589</u>	<u>-</u>
 Net Increase (Decrease) in Cash	 (33,212)	 14,961	 (18,251)
 Cash, Beginning	 <u>37,961</u>	 <u>-</u>	 <u>37,961</u>
 Cash, Ending	 <u>\$ 4,749</u>	 <u>\$ 14,961</u>	 <u>\$ 19,710</u>

BELLE POINTE ESTATES CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

NOTE A - NATURE OF ORGANIZATION

Belle Pointe Estates Condominium Association is a statutory condominium association incorporated in the State of Michigan on May 15, 1996. The Association is responsible for the operation and maintenance of the common property. The Association consists of 100 residential units located in Van Buren Township, Michigan.

NOTE B - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statement, the management of the Association have evaluated events and transactions for potential recognition or disclosure through June 18, 2024, the date that the financial statement was available to be issued.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observances of limitation 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 operation of the Association.

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

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital expenditures and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the units of members whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in future years.

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 not by the Association.

BELLE POINTE ESTATES CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Under the Internal Revenue Code, the Association is considered a taxable entity. The Association may elect to be taxed as a homeowner's association under Section 528 by filing Form 1120-H. This section requires a 30% tax on nonfunctional income in excess of \$100, less related expenses. The Association may also be taxed as a membership organization by filing Form 1120. As a membership organization, if certain elections are made, membership income is exempt from taxation and the Association is taxed only on its non-membership income at regular corporate rates. For the year ended December 31, 2023, the Association elected to be taxed as an 1120-H, resulting in a tax due totaling \$0.

The Association's federal income tax returns for 2023, 2022 and 2021 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions, the Association believes that its estimates are appropriate based on current facts and circumstances.

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with members are satisfied. Generally, this satisfaction of performance obligations and transfer of control occurs and revenues are recognized as services are provided to members. The price charged, and amount of consideration the Association receives in exchange for its services provided, are established and approved by the Association Board. The Association recognizes revenue through the following steps: i) identifying the contract with the member; ii) indentifying the performance obligations in the contract; iii) determining the transaction price; iv) allocating the transaction price to the performance obligations; and v) recognizing revenue when or as each performance obligation is satisfied.

NOTE D- BOARD DESIGNATED FUNDED RESERVES

The Association sets aside funds in order to meet future cash requirements. The bylaws of the Association require that an adequate reserve fund for maintenance, repairs and replacements of those common elements that must be replaced on a periodic basis will be established in the budget and must be funded at least annually from the proceeds of the regular monthly assessments. Further, the reserve fund shall, at a minimum, be equal to ten (10) percent of the Association's current annual budget on a non-cumulative basis. As of December 31, 2023, the fund was above this minimum standard.

BELLE POINTE ESTATES CONDOMINIUM ASSOCIATION

NOTES TO FINANCIAL STATEMENT

DECEMBER 31, 2023

NOTE D- BOARD DESIGNATED FUNDED RESERVES (continued)

The funds contained in the reserve account may only be used for major repairs and replacement of common elements. The Association has not estimated the remaining lives and replacement costs of common property and has not performed a study of future years funding requirements for major common element repairs and replacements. Actual costs incurred may vary from estimated future expenditures and those variations may be material to the Association's financial statements. In addition, 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, however, the Association has the right, subject to Board of Directors or member approval as applicable, to increase regular assessments or levy additional or special assessments. Payments for major repairs and replacements are paid out of the Operating Fund and reimbursed by the Replacement Fund as needed.

The following is a summary of the activity of the reserve for the year ended December 31, 2023.
The amount of the reserve is determined by Associations management:

Reserve balance at January 1, 2023	\$	-
Transfers from assessments		-
Special Assessments		-
Interest Income		372
Transfers (to) from operating fund		14,589
Disbursements for repairs		-
Reserve balance at December 31, 2023	\$	<u>14,961</u>

NOTE E- CONTRACTUAL AGREEMENTS

The Association has entered into various one-year contracts that provide for the maintenance of the buildings and grounds in the common areas of the condominium project. Such contracts are reviewed on an annual basis and are subject to the approval of the board of directors of the Association.