

HARTLAND ESTATES ASSOCIATION

FINANCIAL STATEMENTS

Year ended December 31, 2016

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board
Hartland Estates Association
Hartland, Michigan

We have reviewed the accompanying statements of Hartland Estates Association (a corporation) which comprise the statement of assets, liabilities, and fund balances—cash basis as of December 31, 2016, and the related statement of revenues, expenses, and changes in fund balances—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 cash basis of accounting; this includes determining that the 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 the 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 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 conformity with the cash basis of accounting.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the 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.


Jellison CPA Company
Hartland, Michigan
May 11, 2017

**HARTLAND ESTATES ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - CASH BASIS
DECEMBER 31, 2016**

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 72,130
Total current assets	72,130

\$ 72,130

LIABILITIES AND FUND BALANCES

FUND BALANCES

72,130

\$ 72,130

See accompanying notes and independent accountant's review report.

HARTLAND ESTATES ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - CASH BASIS
DECEMBER 31, 2016

INCOME

Dues	\$ 49,475
Miscellaneous income	<u>1,100</u>
	50,575

EXPENSES

Activities	1,645
Dues & Subscriptions	260
Facilities Maintenance	15,984
Grass Cutting	14,473
Improvement Fund	286
Insurance	3,872
Postage	352
Professional Fees	5,310
Snow Removal	13,250
Supplies	140
Utilities	<u>3,291</u>
	58,863

OTHER INCOME - INTEREST	15
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(8,273)

BEGINNING FUND BALANCE	80,403
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ENDING FUND BALANCE	<u><u>\$ 72,130</u></u>
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See accompanying notes and independent accountant's review report.

HARTLAND ESTATES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hartland Estates Association (the Association) is a statutory planned unit development incorporated in the State of Michigan in January 2001. The Association is responsible for the operation and maintenance of the common property of Hartland Estates Association, which consists of residential homes and sidewalks. Hartland Estates Association consists of 155 residential units located in Livingston County, Michigan.

Basis of Accounting

The accompanying financial statement has been prepared on the cash basis of accounting. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding dues and obligations for assessments are not included in the financial statement.

Member Dues

Association members are subject to annual dues to provide funds for the Association's operating expenses, future capital acquisitions, and repairs and replacements. The Association's policy is to retain outside counsel and place liens on the properties of homeowners whose dues are delinquent.

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost, which approximates their fair value.

Income Taxes

Homeowner associations may elect to be taxed as regular corporations, subject to the provisions of IRC Section 277, or as homeowners association subject to IRC Section 528. The Association elected to be taxed as homeowners association for the year ended December 31, 2016. Under that election net income arising from defined exempt function activities is not taxed, however it does assess federal income tax on income derived from nonexempt function activities at a rate of 30%. Exempt function income basically consists of amounts received from Association members solely as a function of their membership in the Association. Non-exempt function income results primarily from revenue from nonmembers and investment income.

The FASB has issued guidance, included in the ASC, related to the accounting for uncertainty in taxes recognized in financial statements. These new standards are effective for fiscal years beginning after December 15, 2008. These standards require recognition and measurement of uncertain income tax positions using a "more likely than not" approach. The Association evaluates its uncertain tax positions and a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

The Association classifies interest and penalties with respect to material uncertain tax positions recognized in the financial statements (when applicable) as interest expense and as an operating expense, respectively. The Association has assessed its tax positions for all open tax years and has concluded that there are currently no significant liabilities to be recognized.

NOTE B – SUBSEQUENT EVENTS

Subsequent events for the Association have been considered through the date of the Independent Accountant's Review Report which represents the date which the financial statements were available to be issued.