

SNOHOMISH CASCADE
HOMEOWNERS ASSOCIATION

INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013

CONTENTS

INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balances	4
Statement of Cash Flows	5
Footnotes to Financial Statements	6 - 8
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Repairs and Replacements	9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members
Snohomish Cascade Homeowners Association
Snohomish, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Snohomish Cascade Homeowners Association, which comprise the balance sheet as of December 31, 2013, and the related statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management and the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Snohomish Cascade Homeowners Association as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

continued

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page nine 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, 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. 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.

McGoorty Eisenman Inc PA

September 24, 2014

SNOHOMISH CASCADE HOMEOWNERS ASSOCIATION
 BALANCE SHEET
 YEAR ENDED DECEMBER 31, 2013

ASSETS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 7,398	\$ 84,408	\$ 91,806
Prepaid insurance	<u>1,455</u>	<u>-</u>	<u>1,455</u>
TOTAL ASSETS	<u>\$ 8,853</u>	<u>\$ 84,408</u>	<u>\$ 93,261</u>

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES			
Accounts payable	\$ 4,515	\$ -	\$ 4,515
Prepaid assessments	<u>1,163</u>	<u>-</u>	<u>1,163</u>
TOTAL LIABILITIES	5,678	-	5,678
FUND BALANCES	<u>3,175</u>	<u>84,408</u>	<u>87,583</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,853</u>	<u>\$ 84,408</u>	<u>\$ 93,261</u>

See accompanying notes to the financial statements.

SNOHOMISH CASCADE HOMEOWNERS ASSOCIATION
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
 YEAR ENDED DECEMBER 31, 2013

	Operating Fund	Replacement Fund	Total
REVENUES			
Member assessments	\$ 97,002	\$ 19,248	\$ 116,250
Other	1,881		1,881
Interest income	-	23	23
Total revenues	98,883	19,271	118,154
EXPENSES			
Landscaping and groundskeeping	49,576		49,576
Property management fees	23,528		23,528
Professional fees	13,206		13,206
Office supplies and expense	5,088		5,088
Bad debt	3,744		3,744
Insurance	3,532		3,532
Utilities	3,031		3,031
Meeting room rental	1,835		1,835
Repairs and maintenance	1,612		1,612
Other	135	-	135
Total expenses	105,287	-	105,287
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES			
	(6,404)	19,271	12,867
FUND BALANCES, BEGINNING OF YEAR			
	9,579	65,137	74,716
FUND BALANCES, END OF YEAR			
	\$ 3,175	\$ 84,408	\$ 87,583

ppm = 1099 Form \$ 29,928.22

See accompanying notes to the financial statements.

SNOHOMISH CASCADE HOMEOWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess (deficiency) of revenues over expenses	\$ (6,404)	\$ 19,271	\$ 12,867
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Decrease in accounts receivable	828		828
Decrease in prepaid insurance	39		39
Decrease in prepaid assessments	(20,705)		(20,705)
Increase in accounts payable	<u>3,978</u>	<u>-</u>	<u>3,978</u>
 Net cash provided (used) by operating activities	 (22,264)	 19,271	 (2,993)
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>29,662</u>	 <u>65,137</u>	 <u>94,799</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 7,398</u>	 <u>\$ 84,408</u>	 <u>\$ 91,806</u>

See accompanying notes to the financial statements.