

JAMES HUTCHENS, P.A.

CERTIFIED PUBLIC ACCOUNTANT

1211 MICHIGAN STREET, SUITE B ♦ SANDPOINT, ID 83864

(208) 265-2500 ♦ (800) 338-9835 ♦ (208) 265-5600 (FAX)

To the Board of Directors

Westwood Village Homeowners Association, Inc.
P.O. Box 773
Sandpoint, ID 83864

I have compiled the accompanying statement of assets, liabilities, and equity – modified accrual basis of Westwood Village Homeowners Association, Inc. (a corporation) as of July 31, 2012 and 2011, the related statement of revenues and expenditures for the one month and seven months then ended, and the statement of cash flows for the one month and seven months ended July 31, 2012. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified accrual basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified accrual basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

The American Institute of Certified Public Accountants has determined that supplementary information about future repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. These financial statements do not present this supplementary information.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified accrual basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenditures. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Westwood Homeowners Association, Inc.

A handwritten signature in black ink, appearing to read "James H. D. PA". The signature is written in a cursive style with large, sweeping letters.

September 21, 2012

Westwood Village Homeowners Association, Inc.
Statement of Assets, Liabilities, and Equity
July 31, 2012 and 2011

Assets

	<u>Jul 31, 12</u>	<u>Jul 31, 11</u>
Current Assets		
Cash in Bank - Checking	41,162.24	31,810.80
Cash in Bank - Capital Reserve	19,673.46	50,990.96
Cash in Bank - Insurance	21,659.00	31,296.36
Cash in Bank - Special Assessment	70,087.79	119,916.34
Total Cash	<u>152,582.49</u>	<u>234,014.46</u>
Accounts Receivable	3,146.95	888.00
Prepaid Cable	5,417.70	6,432.78
Prepaid Insurance	4,858.59	4,607.48
Total Current Assets	<u>166,005.73</u>	<u>245,942.72</u>
Property and Equipment		
Land	54,578.40	54,578.40
Capital Improvements	43,605.24	43,605.24
Equipment	82,432.52	82,432.52
Accumulated Depreciation	-123,117.89	-122,655.89
Total Property and Equipment	<u>57,498.27</u>	<u>57,960.27</u>
Payroll Advances	78.00	0.00
Total Assets	<u><u>223,582.00</u></u>	<u><u>303,902.99</u></u>

Liabilities and Equity

Current Liabilities		
Accounts Payable	21,456.35	9,723.68
Income Tax Payable	846.03	186.00
Payroll Liabilities	1,771.40	0.00
Prepaid Assessments	8,630.84	8,213.74
Property Tax Payable	785.58	1,255.90
Total Current Liabilities	<u>33,490.20</u>	<u>19,379.32</u>
Total Liabilities	33,490.20	19,379.32
Equity		
Retained Earnings	201,398.73	221,623.07
Net Revenue Over (Under) Expenditures Current Year	31,950.72	62,900.60
Tennis Courts	-23,433.59	0.00
Patio/Retaining Wall	-15,395.16	0.00
Roof	-3,168.90	0.00
Bylaw & CCR Rewrite	-1,260.00	0.00
Total Equity	<u>190,091.80</u>	<u>284,523.67</u>
Total Liabilities and Equity	<u><u>223,582.00</u></u>	<u><u>303,902.99</u></u>

Westwood Village Homeowners Association, Inc.
Statement of Revenues and Expenditures
One Month and Seven Months Ended July 31, 2012 and 2011

	<u>This Year</u> July 2012	<u>Prior Year</u> July 2011	<u>This Year</u> Jan - Jul 12	<u>Prior Year</u> Jan - Jul 11
Revenue				
Regular Assessments	20,972.00	20,340.00	146,804.00	149,932.00
New Member Fee	200.00	0.00	200.00	0.00
Boat Moorage	500.00	550.00	18,480.00	18,250.00
Total Revenue	<u>21,672.00</u>	<u>20,890.00</u>	<u>165,484.00</u>	<u>168,182.00</u>
Expenditures				
Personnel Costs				
Caretakers Salary	9,118.68	8,778.12	56,166.10	52,866.84
Payroll Taxes	1,005.68	826.07	6,425.62	5,469.83
Bonus	150.00	150.00	1,500.00	1,050.00
Gas Allotment	0.00	0.00	500.00	500.00
Insurance - Health & WC	354.99	377.24	1,496.18	2,796.24
Maintenance & Repair				
Equipment Rent	0.00	0.00	0.00	154.76
Equipment - Fuel & Oil	36.00	0.00	151.35	146.04
Pool & Recreation Areas	2,865.95	0.00	7,816.86	0.00
Docks	115.92	0.00	10,880.19	0.00
Yards & Grounds	1,398.42	0.00	13,745.00	0.00
Irrigation Pump	0.00	0.00	3,734.20	0.00
Machines & Equipment	0.00	0.00	978.00	0.00
Electrical & Plumbing	383.90	0.00	1,401.29	0.00
Exterior & Buildings	1,192.39	0.00	2,067.76	0.00
Supplies	121.19	237.04	695.43	600.44
Snowplowing	0.00	0.00	5,500.00	0.00
Miscellaneous Repairs	0.00	8,002.58	159.12	34,304.46
Utilities				
Electric	1,026.70	0.00	4,449.54	0.00
Water	2,274.68	0.00	12,687.14	0.00
Pool - Fuel	717.08	0.00	1,198.62	0.00
Sewer	2,949.44	0.00	20,064.13	0.00
Garbage & Recycle	454.12	0.00	1,581.63	0.00
Cable	1,083.53	0.00	7,584.71	0.00
Telephone	49.88	64.29	329.15	339.26
Long Distance	11.55	17.78	109.80	94.38
Utilities	0.00	7,706.39	0.00	44,951.49
Other costs				
Accounting	578.00	550.00	4,062.00	4,004.00
Bank Service Charges	0.00	0.00	5.00	0.00
Depreciation Expense	38.50	38.50	269.50	269.50
Dues	0.00	0.00	570.11	500.00
Contributions	0.00	0.00	101.70	0.00
Legal	1,134.00	684.00	2,880.00	4,029.00
Office Supplies	95.99	27.00	595.06	175.44
Freight & Postage	42.75	10.60	549.25	328.85
Taxes	0.00	119.26	0.00	834.82
Miscellaneous	0.00	65.38	0.00	65.38
Total Expenditures	<u>27,199.34</u>	<u>27,654.25</u>	<u>170,254.44</u>	<u>153,480.73</u>
Total Revenue Over (Under) Expenditures	-5,527.34	-6,764.25	-4,770.44	14,701.27

See Accountant's Compilation report

Westwood Village Homeowners Association, Inc.
Statement of Revenues and Expenditures
One Month and Seven Months Ended July 31, 2012 and 2011

	<u>This Year</u> <u>July 2012</u>	<u>Prior Year</u> <u>July 2011</u>	<u>This Year</u> <u>Jan - Jul 12</u>	<u>Prior Year</u> <u>Jan - Jul 11</u>
Other Revenue				
Bank Interest	0.84	0.00	46.57	0.00
Easement	0.00	0.00	5,137.50	0.00
Fines	0.00	0.00	250.00	0.00
Interest Income	0.00	7.71	2.00	44.35
Investment Income	0.00	1,026.90	0.00	1,304.90
Late Fee	50.00	0.00	200.00	0.00
Other Income	0.00	0.00	5.00	0.00
Repair Assessments	3,150.00	6,132.00	24,050.00	40,792.00
Insurance Assessment	2,212.00	2,212.00	15,484.00	15,484.00
Total Other Revenue	<u>5,412.84</u>	<u>9,378.61</u>	<u>45,175.07</u>	<u>57,625.25</u>
Other Expenditures				
Insurance Expense	421.13	1,346.56	8,453.91	9,425.92
Bylaw & CCR Rewrite	0.00	0.00	1,260.00	0.00
Patio/Retaining Wall	0.00	0.00	15,395.16	0.00
Tennis Courts	50.95	0.00	23,433.59	0.00
Roof	3,168.90	0.00	3,168.90	0.00
Total Other Expenditures	<u>3,640.98</u>	<u>1,346.56</u>	<u>51,711.56</u>	<u>9,425.92</u>
Net Revenue Over (Under) Expenditures	<u>-3,755.48</u>	<u>1,267.80</u>	<u>-11,306.93</u>	<u>62,900.60</u>

Westwood Village Homeowners Association, Inc.
Statement of Cash Flows
For the One Month and Seven Months Ended July 31, 2012

	<u>Current Month</u> <u>July 2012</u>	<u>Year to Date</u> <u>Jan - Jul 12</u>
Cash Flows from Operating Activities		
Net Income		
Net Income (Loss)	-6,975.33	-54,564.58
Tennis Courts	50.95	23,433.59
Patio/Retaining Walls	0.00	15,395.16
Bylaw & CCR Rewrite	0.00	1,260.00
Roof	3,168.90	3,168.90
Total Net Income	<u>-3,755.48</u>	<u>-11,306.93</u>
Adjustments to Reconcile Net Income		
(Increase) Decrease in:		
Accounts Receivable	-2,388.95	-1,414.95
Prepaid Cable	1,083.53	7,584.71
Prepaid Insurance	-955.37	-4,858.59
Increase (Decrease) in:		
Accounts Payable	14,924.39	12,270.06
Payroll Liabilities	-127.78	259.77
Prepaid Assessments	250.00	391.50
Total Adjustments	<u>12,785.82</u>	<u>14,232.50</u>
Net Cash Provided by Operating Activities	9,030.34	2,925.57
Cash Flows from Investing Activities		
Accumulated Depreciation	38.50	269.50
Payroll Advances	0.00	-78.00
Net Cash Provided by Investing Activities	<u>38.50</u>	<u>191.50</u>
Cash Flows from Financing Activities		
Net Cash Provided by Financing Activities	<u>0.00</u>	<u>0.00</u>
Net Cash Increase for Period	9,068.84	3,117.07
Cash at Beginning of Period	143,513.65	149,465.42
Cash at End of Period	<u>152,582.49</u>	<u>152,582.49</u>

Westwood Village Homeowners Association, Inc.

Supplemental Schedule I

Budget to Actual

Seven Months Ended July 31, 2012

	Actual	Budget	Variance
Revenue			
Regular Assessments	146,804.00	146,804.00	0.00
New Member Fee	200.00	0.00	200.00
Boat Moorage	18,480.00	11,083.34	7,396.66
Total Revenue	165,484.00	157,887.34	7,596.66
Expenditures			
Personnel Costs			
Caretakers Salary	56,166.10	54,209.75	1,956.35
Payroll Taxes	6,425.62	5,107.09	1,318.53
Bonus	1,500.00	1,050.00	450.00
Gas Allotment	500.00	583.34	-83.34
Insurance - Health & WC	1,496.18	2,884.00	-1,387.82
Maintenance & Repair			
Equipment Rent	0.00	291.66	-291.66
Equipment - Fuel & Oil	151.35	875.00	-723.65
Pool & Recreation Areas	7,816.86	3,195.50	4,621.36
Docks	10,880.19	8,750.00	2,130.19
Yards & Grounds	13,745.00	8,458.34	5,286.66
Irrigation Pump	3,734.20	5,250.00	-1,515.80
Machines & Equipment	978.00	2,041.66	-1,063.66
Electrical & Plumbing	1,401.29	583.34	817.95
Exterior & Buildings	2,067.76	2,916.66	-848.90
Supplies	695.43	58.34	637.09
Snowplowing	5,500.00	5,833.34	-333.34
Miscellaneous Repairs	159.12	1,750.00	-1,590.88
Roads	0.00	583.34	-583.34
Utilities			
Electric	4,449.54	5,833.34	-1,383.80
Water	12,687.14	14,583.34	-1,896.20
Pool - Fuel	1,198.62	2,333.34	-1,134.72
Sewer	20,064.13	18,666.66	1,397.47
Garbage & Recycle	1,581.63	1,866.66	-285.03
Cable	7,584.71	8,166.66	-581.95
Telephone	329.15	700.00	-370.85
Long Distance	109.80	58.34	51.46
Utilities	0.00	0.00	0.00
Other costs			
Accounting	4,062.00	4,083.34	-21.34
Bank Service Charges	5.00	58.34	-53.34
Depreciation Expense	269.50	0.00	269.50
Dues	570.11	350.00	220.11
Contributions	101.70	58.34	43.36
Legal	2,880.00	1,166.66	1,713.34
Office Supplies	595.06	583.34	11.72
Freight & Postage	549.25	583.34	-34.09
Taxes	0.00	875.00	-875.00
Miscellaneous	0.00	291.66	-291.66
Total Expenditures	170,254.44	164,679.72	5,574.72
Total Revenue Over (Under) Expenditures	-4,770.44	-6,792.38	2,021.94

Westwood Village Homeowners Association, Inc.
Supplemental Schedule I
Budget to Actual
Seven Months Ended July 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Other Revenue			
Bank Interest	46.57	0.00	46.57
Easement	5,137.50	1,458.34	3,679.16
Fines	250.00	0.00	250.00
Interest Income	2.00	0.00	2.00
Investment Income	0.00	583.34	-583.34
Late Fee	200.00	0.00	200.00
Other Income	5.00	583.34	-578.34
Repair Assessments	24,050.00	23,226.00	824.00
Insurance Assessment	15,484.00	15,484.00	0.00
Total Other Revenue	<u>45,175.07</u>	<u>41,335.02</u>	<u>3,840.05</u>
Other Expenditures			
Insurance Expense	8,453.91	11,083.30	-2,629.39
Bylaw & CCR Rewrite	1,260.00	0.00	1,260.00
Patio/Retaining Wall	15,395.16	0.00	15,395.16
Tennis Courts	23,433.59	0.00	23,433.59
Income Tax Expense	0.00	233.34	-233.34
Roof	3,168.90	0.00	3,168.90
Other Special Projects	0.00	23,226.00	-23,226.00
Total Other Expenditures	<u>51,711.56</u>	<u>34,542.64</u>	<u>17,168.92</u>
Net Revenue Over (Under) Expenditures	<u><u>-11,306.93</u></u>	<u><u>0.00</u></u>	<u><u>-11,306.93</u></u>