

**BARCLAY PARK ASSOCIATION**

**FINANCIAL STATEMENTS**

**December 31, 2006**

BARCLAY PARK ASSOCIATION

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Board of Directors  
Barclay Park Association  
Ann Arbor, Michigan

I have reviewed the accompanying balance sheet of Barclay Park Association, (a Michigan nonprofit corporation), as of December 31, 2006, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Barclay Park Association.

A review consists principally of inquiries of Association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

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

  
Certified Public Accountant

Bloomfield Hills, Michigan  
June 7, 2007

BARCLAY PARK ASSOCIATION

BALANCE SHEET

As of December 31, 2006

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash, including interest-bearing deposits	\$ 47,067	\$ 269,118	\$ 316,185
Assessments receivable	4,750	-	4,750
Prepaid insurance	<u>9,872</u>	<u>-</u>	<u>9,872</u>
Total Assets	<u>\$ 61,689</u>	<u>\$ 269,118</u>	<u>\$ 330,807</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 6,860	\$ -	\$ 6,860
Prepaid assessments	1,276	-	1,276
Deferred cable income	<u>16,320</u>	<u>-</u>	<u>16,320</u>
Total Liabilities	\$ 24,456	\$ -	\$ 24,456
Fund Balances	<u>37,233</u>	<u>269,118</u>	<u>306,351</u>
Total Liabilities and Fund Balances	<u>\$ 61,689</u>	<u>\$ 269,118</u>	<u>\$ 330,807</u>

See notes to the financial statements.

See Accountant's Review Report.

BARCLAY PARK ASSOCIATION

STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2006

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>REVENUES</u>			
Member assessments	\$ 567,810	\$ 84,000	\$ 651,810
Interest	168	6,090	6,258
Miscellaneous	9,070	-	9,070
	<u>\$ 577,048</u>	<u>\$ 90,090</u>	<u>\$ 667,138</u>
<u>EXPENSES</u>			
Management fees	\$ 57,686	\$ -	\$ 57,686
Legal	2,259	-	2,259
Accounting	1,950	-	1,950
Office and miscellaneous	4,709	-	4,709
Water and sewer	97,725	-	97,725
Electricity	8,278	-	8,278
Heat	1,141	-	1,141
General maintenance	96,453	-	96,453
Major repair and replacements	42,242	12,624	54,866
Manager payroll	19,000	-	19,000
Lawn and grounds maintenance	62,740	-	62,740
Snow removal	55,385	-	55,385
Clubhouse maintenance and supplies	10,195	-	10,195
Insurance	42,891	-	42,891
	<u>\$ 502,654</u>	<u>\$ 12,624</u>	<u>\$ 515,278</u>
Total Expenses	<u>\$ 502,654</u>	<u>\$ 12,624</u>	<u>\$ 515,278</u>
Excess of Revenues Over Expenses	\$ 74,394	\$ 77,466	\$ 151,860
Beginning Fund Balances	<u>(37,161)</u>	<u>191,652</u>	<u>154,491</u>
Ending Fund Balances	<u>\$ 37,233</u>	<u>\$ 269,118</u>	<u>\$ 306,351</u>

See notes to the financial statements.

See Accountant's Review Report.

BARCLAY PARK ASSOCIATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2006

Increase (Decrease) In Cash

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Member assessments collected	\$ 556,165	\$ 84,000	\$ 640,165
Interest received	168	6,090	6,258
Other income received	7,655	-	7,655
Administrative expenses	(85,604)	-	(85,604)
Utilities	(109,731)	-	(109,731)
Maintenance	(218,210)	-	(218,210)
Major repair and replacements	(42,242)	(12,624)	(54,866)
Clubhouse maintenance and supplies	(10,370)	-	(10,370)
Insurance	(52,763)	-	(52,763)
Income taxes paid	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net cash provided by operating activities	\$ 45,068	\$ 77,466	\$ 122,534
Payment of amount due to replacement fund	<u>(8,000)</u>	<u>8,000</u>	<u>-</u>
Net increase in cash	\$ 37,068	\$ 85,466	\$ 122,534
Cash at beginning of year	<u>9,999</u>	<u>183,652</u>	<u>193,651</u>
Cash at end of year	<u>\$ 47,067</u>	<u>\$ 269,118</u>	<u>\$ 316,185</u>

See notes to the financial statements.

See Accountant's Review Report.

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Reconciliation of excess of revenues over expenses to net cash provided by operating activities:			
Excess of revenues over expenses	<u>\$ 74,394</u>	<u>\$ 77,466</u>	<u>\$ 151,860</u>
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:			
(Increase) Decrease in:			
Assessments receivable and accounts receivable	\$ 2,624	\$ -	\$ 2,624
Prepaid expenses	(9,872)	-	(9,872)
Increase (Decrease) in:			
Accounts payable and accrued expenses	(7,809)	-	(7,809)
Prepaid assessments	<u>(14,269)</u>	<u>-</u>	<u>(14,269)</u>
Total adjustments	<u>\$ (29,326)</u>	<u>\$ -</u>	<u>\$ (29,326)</u>
Net cash provided by operating activities	<u>\$ 45,068</u>	<u>\$ 77,466</u>	<u>\$ 122,534</u>

BARCLAY PARK ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2006

Note 1 - Organization

The Association was organized under the laws of the State of Michigan as a nonprofit corporation to manage and administer the affairs of and to maintain Barclay Park, a condominium, this includes the common elements. Barclay Park consists of 291 residential units.

Note 2 - Summary of Significant Accounting Policies

Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

The Association capitalizes all property and equipment to which it holds title or has other evidence of ownership. Real property owned by individual unit owners in common and improvements made by the Association to such property are not capitalized in the financial statements.

Note 3 - 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. Assessments receivable at the balance sheet date represent fees due from unit owners. Any excess assessments at year end are retained by the Association for use in future years.



BARCLAY PARK ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2006

Note 4 - Future Major Repairs and Replacements

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The Corporation has not conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future.

The Association provides for future major repairs and replacements by setting aside a portion of each year's assessments. Accordingly, a funding requirement of \$112,850 has been included in next year's budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, 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 to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Note 5 - Federal Taxes

Under the current Internal Revenue Code the Association may elect, on an annual basis, to be taxed as either a homeowners' association or a regular corporation. For the year ended December 31, 2006, the Association will file its annual return as a homeowners' association.

Note 6 - Concentration of Credit Risk

The Association maintains bank accounts at a bank that is insured by the Federal Deposit Insurance Corporation. The accounts are insured up to \$100,000. During the year the balances in the accounts exceed the federally insured amount.

