

**TRI PALM UNIFIED OWNERS ASSOCIATION
REVIEWED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

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BECK and COMPANY, CPA'S, INC.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
TRI PALM UNIFIED OWNERS ASSOCIATION

We have reviewed the accompanying financial statements of TRI PALM UNIFIED OWNERS ASSOCIATION which comprise the balance sheet as of DECEMBER 31, 2020, and the related statements of revenues, expenses, and changes in fund balance and cash flows 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 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.

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 Statements

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 accounting principles generally accepted in the United States of America.

Beck and Company, CPA's, Inc.

Charles Beck, CPA

April 26, 2021

**TRI PALM UNIFIED OWNERS ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2020**

	2020			2019
	Operating Fund	Savings Funds	Total Funds	Total Funds
<u>ASSETS:</u>				
Cash	\$ 69,081	\$ 31,507	\$ 100,588	\$ 157,995
Certificate of Deposit	-	144,451	144,451	141,628
Assessments Receivable	264,699	-	264,699	215,980
Allowance for Doubtful Accounts	(170,788)	-	(170,788)	(196,596)
Prepaid Insurance	22,032	-	22,032	21,155
Fixed Assets	65,859	-	65,859	65,859
Accumulated Depreciation	(22,341)	-	(22,341)	(18,383)
Land	9,900	-	9,900	9,900
TOTAL ASSETS	\$ 238,442	\$ 175,958	\$ 414,400	\$ 401,969
 <u>LIABILITIES:</u>				
Accounts Payable	\$ 1,680	\$ -	\$ 1,680	\$ 2,103
Prepaid Assessments	80,159	-	80,159	77,160
Prepaid Advertising	948	-	948	2,430
Assessment Assistance Program	2,245	-	2,245	2,537
Payroll Liabilities	2,605	-	2,605	1,599
Income Taxes Payable	192	-	192	29
TOTAL LIABILITIES	87,827	-	87,827	85,858
 FUND BALANCES	 150,615	 175,958	 326,573	 316,111
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 238,442	 \$ 175,958	 \$ 414,400	 \$ 401,969

TRI PALM UNIFIED OWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	2020		
	Operating Fund	Savings Fund	Total Funds
<u>REVENUES</u>			
Member Assessments	\$ 154,665	\$ -	\$ 154,665
Returned Check Charges	100	-	100
Misc. Income	250	-	250
Recovery of Bad Debt	20,938	-	20,938
Happenings - Advertising Sales	3,518	-	3,518
Late Fees Assessed	6,491	-	6,491
Fines	73,730	-	73,730
Interest Income	-	2,828	2,828
Other Income	31	-	31
Reimbursement of Expenditures	-	-	-
Transfer Fees	35,100	-	35,100
TOTAL REVENUES	294,822	2,828	297,650
<u>EXPENSES</u>			
Accounting & Bookkeeping	2,270	-	2,270
Bad Debt	75	-	75
Bank Charges & Transaction Fees	228	-	228
Bank Service Charges	48	-	48
Club Maint. Fees	2,141	-	2,141
Cody Expenses	-	-	-
Collections Expense	207	-	207
Community Initiatives	4,500	-	4,500
Depreciation Expense	3,959	-	3,959
Happenings Printing & Exps	3,142	-	3,142
Independent Contractor Services	37,884	-	37,884
Insurance, Business	34,931	-	34,931
Legal	62,308	-	62,308
Meetings	139	-	139
Misc Expense	868	-	868
Office	11,916	-	11,916
Payroll	106,966	-	106,966
Postage and Delivery	6,845	-	6,845
Publicity & Public Relations	20	-	20
Repairs & Maintenance	170	-	170
Income Taxes	542	-	542
Tax, Property	1,606	-	1,606
Utilities	4,833	-	4,833
Website	1,590	-	1,590
TOTAL OPERATING EXPENSES	287,187	-	287,187
Excess of Revenues over Expenses or (Expenses over Revenue)	7,635	2,828	10,463
Beginning Fund Balances	112,981	203,130	316,111
Net Interfund Transfers	30,000	(30,000)	-
ENDING FUND BALANCES	\$ 150,615	\$ 175,958	\$ 326,573

See accompanying notes to financial statements

**TRI PALM UNIFIED OWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

	2020		
	Operating Fund	Savings Fund	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ 7,635	\$ 2,828	\$ 10,463
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
Depreciation	3,959	-	3,959
Allowance for Doubtful Accounts	(25,808)	-	(25,808)
(Increase) decrease in:			
Assessments Receivable	(48,719)	-	(48,719)
Prepaid Insurance	(877)	-	(877)
Prepaid Taxes	341	-	341
Increase (decrease) in:			
Accounts Payable	(423)	-	(423)
Assessments Assistance Program	(292)	-	(292)
Prepaid Assessments	2,999	-	2,999
Prepaid Advertising	(1,483)	-	(1,483)
Payroll Liabilities	1,005	-	1,005
Income Taxes Payable	163	-	163
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(61,500)	2,828	(58,673)
CASH FLOWS FROM INVESTING ACTIVITIES			
Activity with CD's		(2,823)	(2,823)
CASH FLOWS FROM FINANCING ACTIVITIES			
Note Receivable	4,089		4,089
Interfund transfers	30,000	(30,000)	-
Sub Total	(27,412)	(29,995)	(57,407)
NET INCREASE (DECREASE) IN CASH	(27,412)	(29,995)	(57,407)
CASH AT BEGINNING OF YEAR	96,493	61,502	157,995
CASH AT END OF YEAR	\$ 69,081	\$ 31,507	\$ 100,588
SUPPLEMENTAL DISCLOSURE			
Income taxes paid	\$ 29	\$ -	\$ 29

See accompanying notes to financial statements

**TRI PALM UNIFIED OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 – ORGANIZATION

TRI PALM UNIFIED OWNERS ASSOCIATION was incorporated on May 19, 1989 as a nonprofit mutual benefit corporation in the State of California. Its primary purpose is to Monitor the activities of the owner of the recreation facilities in the area known as TRI-PALM SUBDIVISION, located in the County of Riverside, State of California, and (2) To represent the members of this Corporation in grievances with said owner or person or its successors, and (3) To take whatever action is necessary to enforce the Master Declaration of Restrictions and the Declaration of Restrictions of each tract. There are 1629 units in the senior housing residential development that consists of mobile homes, manufactured housing, and conventional construction homes.

NOTE 2 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of the review report, which is the date that the financial statements were available to be issued.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association’s accounting records are maintained on a modified accrual basis, however, the accompanying financial statements are presented on the accrual basis in accordance with generally accepted accounting principles generally accepted in the United States of America whereby all revenues are recognized when earned and expenses are recognized when incurred.

Homeowners associations operate on a fund accounting basis whereby current expenses are paid from operating funds and major repairs and replacements are paid from accumulated replacement funds.

Member Assessments

Association members are subject to an annual assessment to provide funds for the Association’s operating expenses, any future capital acquisitions, or improvements, and for the use and maintenance of the recreational fees. The annual budget and assessments of owners are determined by the Board of Directors who are elected by the owners. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

The Association’s policy is to retain legal counsel and place liens on properties of homeowners whose assessments are delinquent. The Association uses a guideline of 100% provision for Allowance for Doubtful Accounts for all accounts delinquent over one year, foreclosed on, in bankruptcy, or abandoned, as well as on a case-by-case basis of other facts and circumstances. For the year ended DECEMBER 31, 2020 the association has a provision for doubtful accounts of \$170,788.

**TRI PALM UNIFIED OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Property and Equipment

Real property consists of the association's office building, the land accompanying the building, and building improvements, all of which is depreciated under the straight-line method over their respected useful lives and is common area property (see footnote 6 below).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions, if made.

NOTE 4 – INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 and State Revenue & Tax Code 23701t whereby the Association incurs corporation income taxes on income from non-member sources only, such as interest. The applicable tax rate is 30% for the federal government and 8.84% for the Franchise Tax Board. Generally, the Association treats income tax expenses as an operating expense regardless of the fund through which the related taxable income was recognized.

The Association's income tax returns are subject to examination by the Internal Revenue Service generally for three years after they are filed, and by the Franchise Tax Board for four years after they are filed.

NOTE 5 – OFFICE PURCHASE

During the year ended DECEMBER 31, 2016 the Association completed the acquisition of the Desert Moon property for use as its new offices. The cost of the purchase and improvements at the year ended DECEMBER 31, 2020 total \$75,759 consisting of a building at \$41,287, \$9,900 allocated to land, and improvements of \$24,572.

NOTE 6 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's fixed assets/common area consists of only an office building, its equipment contents, and the land around the building. The association has set aside contingency and reserve funds which are held in separate interest-bearing accounts and are generally not available for operating purposes. During the year ended December 31, 2020 there were no major repairs and replacements.

**TRI PALM UNIFIED OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 7 – LEGAL ISSUE

On February 7, 2020 TPUOA filed a civil complaint against Andy Teasley alleging a breach of the Association's Governing Documents has occurred by the separation of the title to the lot from the title to the residential dwelling and that continued violation of the Governing Documents by the Defendants as set forth will irreparably harm the Association and its members by diminishing the economic value, desirability, safety, and quiet enjoyment of the members of the Association. The case is titled Tri Palm Unified Owners Association v. Andy Teasley, et al., Riverside Superior Court Case No. PSC2001024. TPUOA has undertaken this action as the Association believes the Defendants' violations are continuous and would, therefore, require a multiplicity of suits and constitute an undue hardship to the Association and its members. A Temporary Restraining Order was issued by the Court on August 3, 2020, which remained in full force and effect until September 15, 2020 when the Motion of the Association for a Preliminary Injunction against the Defendants was granted. Mediation of the Case is scheduled for mid-2021.