

**TRI PALM UNIFIED OWNERS ASSOCIATION
REVIEWED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

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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, 2021, 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

May 6, 2022

**TRI PALM UNIFIED OWNERS ASSOCIATION
BALANCE SHEET
DECEMBER 31, 2021**

	2021		
	Operating Fund	Savings Funds	Total Funds
<u>ASSETS:</u>			
Cash	\$ 116,717	\$ 63,160	\$ 179,877
Certificate of Deposit	-	113,516	113,516
Assessments Receivable	333,420	-	333,420
Allowance for Doubtful Accounts	(216,723)	-	(216,723)
Prepaid Insurance	16,807	-	16,807
Fixed Assets	65,859	-	65,859
Accumulated Depreciation	(26,242)	-	(26,242)
Land	9,900	-	9,900
TOTAL ASSETS	<u>\$ 299,738</u>	<u>\$ 176,676</u>	<u>\$ 476,414</u>
<u>LIABILITIES:</u>			
Accounts Payable	\$ 1,680	\$ -	\$ 1,680
Prepaid Assessments	94,162	-	94,162
Prepaid Advertising	1,945	-	1,945
Assessment Assistance Program	2,456	-	2,456
Payroll Liabilities	1,782	-	1,782
TOTAL LIABILITIES	<u>102,025</u>	<u>-</u>	<u>102,025</u>
FUND BALANCES	<u>197,713</u>	<u>176,676</u>	<u>374,388</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 299,738</u>	<u>\$ 176,676</u>	<u>\$ 476,414</u>

TRI PALM UNIFIED OWNERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021

	2021		
	Operating Fund	Savings Fund	Total Funds
<u>REVENUES</u>			
Member Assessments	\$ 154,700	\$ -	\$ 154,700
Returned Check Charges	122	-	122
Misc. Income	2,148	-	2,148
Recovery of Bad Debt	23,899	-	23,899
Happenings - Advertising Sales	4,198	-	4,198
Late Fees Assessed	11,805	-	11,805
Fines	125,150	-	125,150
Interest Income	-	718	718
Other Income	30,000	-	30,000
Transfer Fees	45,900	-	45,900
TOTAL REVENUES	397,922	718	398,640
<u>EXPENSES</u>			
Accounting & Bookkeeping	2,760	-	2,760
Bad Debt	101,716	-	101,716
Bank Charges & Transaction Fees	474	-	474
Bank Service Charges	72	-	72
CC&R Maint & Repairs Expenses	650	-	650
Club Maint. Fees	2,167	-	2,167
Collections Expense	4,561	-	4,561
Community Initiatives	2,000	-	2,000
Depreciation Expense	3,901	-	3,901
Happenings Printing & Exps	4,533	-	4,533
Independent Contractor Services	36,435	-	36,435
Insurance, Business	31,741	-	31,741
Legal	30,577	-	30,577
Misc Expense	1,268	-	1,268
Notary Fee Expenses	275	-	275
Office	12,660	-	12,660
Payroll	101,564	-	101,564
Postage and Delivery	4,018	-	4,018
Repairs & Maintenance	563	-	563
Income Taxes	-	-	-
Tax, Property	1,525	-	1,525
Utilities	5,542	-	5,542
Website	1,823	-	1,823
TOTAL OPERATING EXPENSES	350,824	-	350,824
Excess of Revenues over Expenses or (Expenses over Revenue)	47,098	718	47,816
Beginning Fund Balances	150,615	175,958	326,573
Net Interfund Transfers	-	-	-
ENDING FUND BALANCES	\$ 197,713	\$ 176,676	\$ 374,389

See accompanying notes to financial statements

TRI PALM UNIFIED OWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 12/31/2020)

	2021		
	Operating Fund	Savings Fund	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$ 47,098	\$ 718	\$ 47,816
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
Depreciation	3,901	-	3,901
Allowance for Doubtful Accounts	45,935	-	45,935
(Increase) decrease in:			
Assessments Receivable	(68,720)	-	(68,720)
Prepaid Insurance	5,225	-	5,225
Increase (decrease) in:			
Assessments Assistance Program	211	-	211
Prepaid Assessments	14,003	-	14,003
Prepaid Advertising	998	-	998
Payroll Liabilities	(823)	-	(823)
Income Taxes Payable	(192)	-	(192)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	47,635	718	48,353
CASH FLOWS FROM INVESTING ACTIVITIES			
Activity with CD's	-	30,935	30,935
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	-	-	-
Sub Total	47,635	31,653	79,288
NET INCREASE (DECREASE) IN CASH	47,636	31,653	79,289
CASH AT BEGINNING OF YEAR	69,081	31,507	100,588
CASH AT END OF YEAR	\$ 116,717	\$ 63,160	\$ 179,877
SUPPLEMENTAL DISCLOSURE			
Income taxes paid	\$ 192	\$ -	\$ 192

**TRI PALM UNIFIED OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021, the association has a provision for doubtful accounts of \$216,723.

**TRI PALM UNIFIED OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

**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, 2021, total \$75,759 consisting of a building at \$41,287, \$9,900 allocated to land, and improvements of \$24,572. The building and the improvements are being depreciated using the straight line method over their useful lives.

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, 2021, there were no major repairs and replacements.

**TRI PALM UNIFIED OWNERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 in 2021 has resulted in a judgement in favor of TPUOA and a reimbursement of legal costs incurred.