



Howard S. Simon, CPA, P.C.

HILLCREST NINE HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS and INDEPENDENT ACCOUNTANT'S REPORT

CASH BASIS

DECEMBER 31, 2022

HILLCREST NINE HOMEOWNERS ASSOCIATION, INC.
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Members of the Board of Directors
Hillcrest Nine Homeowners Association, Inc.

Management is responsible for the accompanying financial statements of Hillcrest Nine Homeowners Association, Inc., a non-stock Arizona corporation, which comprise the statement of assets and liabilities and fund balances - cash basis as of December 31, 2022, and the related statement of receipts, disbursements and changes in fund balances - cash basis for the year then ended in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. I have performed this compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 5 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. I have compiled the required supplementary information without audit or review, and, accordingly, do not express an opinion or provide any assurance on it.



March 5, 2023

Hillcrest Nine Homeowners Association, Inc.
Statement of Assets, Liabilities and Fund Balances
December 31, 2022

	<u>Funds</u>		<u>Total</u>
	<u>Operating</u>	<u>Reserve</u>	
Assets			
Total Cash on Deposit	\$ 18,018	\$ 21,479	\$ 39,497
Total Assets	<u>\$ 18,018</u>	<u>\$ 21,479</u>	<u>\$ 39,497</u>
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
Fund Balances	18,018	21,479	39,497
Total Liabilities and Fund Balances	<u>\$ 18,018</u>	<u>\$ 21,479</u>	<u>\$ 39,497</u>

See Accompanying Independent Accountant's Compilation Report

Hillcrest Nine Homeowners Association, Inc.
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
For the Year Ended December 31, 2022

	Funds		
	<u>Operating</u>	<u>Reserve</u>	<u>Total</u>
Receipts			
Assessments and Reserve Allocations	\$ 32,188	\$ 14,954	\$ 47,142
Disclosure Preparation Fees	4,600	-	4,600
Late Fees / Fines	1,039	-	1,039
Interest	4	5	9
Total Receipts	<u>37,831</u>	<u>14,959</u>	<u>52,790</u>
Disbursements			
Administration			
CPA	743	-	743
Office Supplies	904	-	904
Reserve Study	350	-	350
Website	299	-	299
Miscellaneous / Other	480	-	480
Total Administration	<u>2,776</u>	<u>-</u>	<u>2,776</u>
Community			
Annual Picnic	1,750	-	1,750
Annual / Monthly Meetings	459	-	459
Welcome Committee	547	-	547
Total Community	<u>2,757</u>	<u>-</u>	<u>2,757</u>
Utilities			
Electricity - APS	473	-	473
Water - City of Phoenix	1,539	-	1,539
Total Utilities	<u>2,013</u>	<u>-</u>	<u>2,013</u>
Maintenance			
Grounds Maintenance	11,190	-	11,190
Grounds Service	17,085	-	17,085
Tract D Maintenance	1,830	-	1,830
Arroyo: Erosion/Drainage & Major Maint.	-	14,845	14,845
Perimeter Landscaping - Major Maint.	-	3,035	3,035
Total Maintenance	<u>30,105</u>	<u>17,880</u>	<u>47,985</u>

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Hillcrest Nine Homeowners Association, Inc.
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
For the Year Ended December 31, 2022

	<u>Funds</u>		<u>Total</u>
	<u>Operating</u>	<u>Reserve</u>	
Disbursements (<i>continued</i>)			
Taxes and Insurance			
Income Taxes	50	-	50
Property Taxes	13	-	13
Arizona Corporation Commission Fees	10	-	10
Insurance	<u>2,627</u>	<u>-</u>	<u>2,627</u>
Total Taxes and Insurance	<u>2,700</u>	<u>-</u>	<u>2,700</u>
Total Disbursements	<u>40,350</u>	<u>17,880</u>	<u>58,230.28</u>
Net Disbursements over Receipts	(2,520)	(2,921)	(5,440)
Fund Balances - Beginning of Year	<u>20,538</u>	<u>24,400</u>	<u>44,938</u>
Fund Balances - End of Year	<u>\$ 18,018</u>	<u>\$ 21,479</u>	<u>\$ 39,497</u>

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SUPPLEMENTARY INFORMATION

Hillcrest Nine Homeowners Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2022
(Unaudited)

The Association is funding a reserve for future major repairs and replacements through assessments to members/owners

An engineering company conducted an independent study and issued their report thereon dated November 14, 2022, estimating the remaining useful lives and replacement costs of the components of common property, and determining a funding plan for major repairs and replacements effective for the budget year beginning January 1, 2023. Funding requirements assume an annual inflation rate of 3.0%, an annual contribution increase of 3.0%, and a projected reserve balance of \$21,476 at December 31, 2022.

Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, funds accumulated may not be adequate to meet all future needs. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The table below of unaudited supplementary information on future major repairs and replacements from the study presents summary information about the components of common property. The estimated current replacement costs have not been revised since the date of the study and do not consider the effects of inflation between the date of the study and the date the components will require replacement or repair.

<u>Component</u>	<u>Years of Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Cost</u>
Nature Trail	0 to 7	8,496
Multi-Use Trail	1	2,000
Arroyo Area	1 to 22	25,350
Perimeter Landscape	0 to 3	22,000
Perimeter Walls	4	14,000
	Total	<u>\$ 71,846</u>

See Accompanying Independent Accountant's Compilation Report

