

COROMANDEL UMBRELLA ASSOCIATION

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

**Year ended December 31, 2021 with
comparative totals for 2020**

with

Independent Accountant's Compilation Report

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NYBORG & COMPANY, LTD.

Member of the AICPA and Illinois CPA Society

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Coromandel Umbrella Association
Deerfield, Illinois

Management is responsible for the accompanying financial statements of Coromandel Umbrella Association, which comprise the balance sheets as of December 31, 2021, and the related statements of revenue, expenditures and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Summarized Comparative Information

We performed a compilation engagement with respect to the 2020 financial statements, and our report dated November 10, 2021, stated we did not audit or review those financial statements and express no opinion, conclusion, nor provide any assurance on them. The summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the compiled financial statements from which it has been derived.

Supplementary Information

The supplementary information contained in the schedules of certain balance sheet account groups (page 9), revenue over (under) expenditures (page 10), revenue accounts (page 11) and expenditures (pages 12-15) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements on page 16 be presented to supplement the basic financial statements. The information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subjected to our compilation engagement; however we have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Batavia, Illinois
October 14, 2022



COROMANDEL UMBRELLA ASSOCIATION

BALANCE SHEETS

December 31, 2021 with comparative totals for 2020

	2021			2020 Total
	Operating Fund	Replacement Fund	Total	
ASSETS				
Cash, including interest-bearing accounts	\$ 27,709	424,473	452,182	633,457
Certificates of deposit		4,894	4,894	4,893
Accounts receivable	10,200		10,200	9,904
Prepaid expenses				40,000
Due from Condominium Association	1,093		1,093	1,093
Due from funds		18,113	18,113	26,190
TOTAL ASSETS	\$ 39,002	447,480	486,482	715,537
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenditures	\$ 18,440	13,000	31,440	106,673
Assessments received in advance	4,309		4,309	2,138
Due to Townhome Association	1,884		1,884	1,884
Due to funds	18,113		18,113	26,190
TOTAL LIABILITIES	42,746	13,000	55,746	136,885
FUND BALANCES (DEFICIT)				
Available for (from) operations	(3,744)		(3,744)	40,722
Available for replacement of community common areas		434,480	434,480	537,930
TOTAL FUND BALANCES (DEFICIT)	(3,744)	434,480	430,736	578,652
TOTAL LIABILITIES AND FUND BALANCES	\$ 39,002	447,480	486,482	715,537

See accompanying notes and independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
STATEMENTS OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES

Year ended December 31, 2021 with comparative totals for 2020

	2021			2020 Total
	Operating Fund	Replacement Fund	Total	
REVENUE				
Member assessments	\$ 843,588	225,000	1,068,588	1,010,264
Interest		670	670	518
Other	51		51	2,419
TOTAL REVENUE	843,639	225,670	1,069,309	1,013,201
EXPENDITURES				
General and administrative	94,402		94,402	47,403
Operating	600,481		600,481	389,671
Maintenance and repairs	184,225		184,225	182,372
Insurance	8,997		8,997	10,598
Capital expenditures		329,120	329,120	244,429
TOTAL EXPENDITURES	888,105	329,120	1,217,225	874,473
REVENUE OVER (UNDER) EXPENDITURES	(44,466)	(103,450)	(147,916)	138,728
FUND BALANCES AT BEGINNING OF YEAR	40,722	537,930	578,652	439,924
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ (3,744)	434,480	430,736	578,652

See accompanying notes and independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION

STATEMENTS OF CASH FLOWS

Year ended December 31, 2021 with comparative totals for 2020

	2021			2020 Total
	Operating Fund	Replacement Fund	Total	
CASH AT BEGINNING OF YEAR	\$ 21,390	612,067	633,457	557,719
CASH FLOWS FROM OPERATING ACTIVITIES				
Member assessments received	845,463	225,000	1,070,463	1,008,027
Interest received		670	670	518
Other revenue received	51		51	2,419
Operating expenses paid	(883,498)		(883,498)	(706,003)
Capital expenditures paid		(368,960)	(368,960)	(229,221)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(37,984)	(143,290)	(181,274)	75,740
CASH FLOWS FROM INVESTING ACTIVITIES				
Certificates of deposit matured		4,893	4,893	4,891
Certificates of deposit purchased		(4,894)	(4,894)	(4,893)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		(1)	(1)	(2)
CASH FLOWS FROM FINANCING ACTIVITY				
Interfund borrowings	44,303	(44,303)		
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITY	44,303	(44,303)		
NET INCREASE (DECREASE) IN CASH	6,319	(187,594)	(181,275)	75,738
CASH AT END OF YEAR	\$ 27,709	424,473	452,182	633,457
RECONCILIATION OF REVENUE OVER (UNDER) EXPENDITURES TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Revenue over expenditures	\$ (44,466)	(103,450)	(147,916)	138,728
Effects of all deferrals and accruals on operating receipts and payments:				
Changes in accounts receivable	(296)		(296)	4,044
Changes in prepaid expenses	40,000		40,000	(40,000)
Changes in accounts payable and accrued expenditures	(35,393)	(39,840)	(75,233)	(22,635)
Changes in assessments received in advance	2,171		2,171	(6,281)
Changes in due to Townhome Association				1,884
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (37,984)	(143,290)	(181,274)	75,740

See accompanying notes and independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

1. Significant accounting policies

The Coromandel Umbrella Association (the "Umbrella Association") financial statements and income tax returns are prepared on the accrual basis of accounting, which recognizes revenue when it is earned or due and expenditures when they are incurred.

The Umbrella Association uses the fund method of accounting which requires that funds such as operating funds and funds restricted for future major repairs and replacements be classified separately for accounting and reporting purposes. Expenses from the operating fund are generally at the discretion of the Board of Directors, while expenditures from the replacement fund are to be made only for their designated purposes.

Cash, including interest-bearing accounts consist of checking accounts and money market accounts. Certificates of deposit are recorded at cost, including accrued interest. Insurance costs are amortized over the periods covered by the premiums.

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by the Code. The Association does not defer the recognition of any portion of revenue as a Contract Liability.

Accounts receivable are member obligations due for unpaid assessments and other monthly charges. Payments on receivables that are received after a 10-day grace period are assessed a late fee of \$25. Late fees are recognized as income when billed. Accounts receivable are stated at the amount billed to the member. Member account balances with invoices dated over 30 days old are considered delinquent. Payments of accounts receivable are allocated to the specific charges identified on the member's remittance advice or, if unspecified, are applied to the earliest unpaid balance.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

2. Date of management's review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 14, 2022, the date that the financial statements were available to be issued.

See independent accountant's compilation report.

3. Association organization and operations

The Umbrella Association, which was incorporated on May 5, 1995, is an Illinois not-for-profit corporation responsible for the direction and administration of certain property held in trust under an Amended and Restated Declaration of Easements, Restrictions, Covenants and By-Laws. The Umbrella Association, which encompasses unit owners of two other associations as members of the Umbrella Association, is the governing body for all the members to provide for the maintenance, repair, replacement, administration and operation of the community common areas.

The Board of Directors, elected by the members in accordance with the Declaration, is responsible for the Umbrella Association's management, including establishment of budgets used to determine assessments and other financial matters. Member assessments for operation and maintenance of the Umbrella Association and for future capital replacements and improvements of its community common areas are charged to each member on the basis of their respective percentages of ownership in the community common areas as stated in the Declaration.

The members hold title to their individual units and an undivided interest in the community common areas, including private roads and streets and private sidewalks adjacent thereto, landscaping, detention ponds, utility facilities, recreational facilities, all outdoor parking areas, lighting fixtures, signage, mailboxes, street benches and furniture, entrance monument and perimeter fencing. The Umbrella Association community common areas are not subject to real estate taxes because the real estate tax assessed values of individual units include the community common areas. The Umbrella Association has full replacement cost insurance coverage for all community common areas.

4. Future major repairs and replacements

An independent consulting company conducted a study in February 2019 to estimate the remaining useful lives and replacement costs of the components of community common areas. Funding requirements consider an annual inflation rate of three percent and an interest rate of one percent on amounts funded for future major repairs and replacements.

The Board is funding for future major repairs and replacements over the remaining useful lives of the components based on the study's estimates of 2019 replacement costs and considering amounts previously accumulated in the replacement fund. The Association has decided to partially fund the study's requirement of \$267,189 and has included \$195,000 in the 2022 budget.

Funds are being accumulated in the replacement fund based on the 2019 estimated costs for the future replacement of community common area components. Actual expenditures and investments may vary from the estimated amounts 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 Umbrella Association has the right to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available. As of December 31, 2021, the Umbrella Association had accumulated \$434,480 of equity in the replacement fund for future major repairs and replacements.

See independent accountant's compilation report.

5. Income taxes

Under current federal income tax laws, a homeowners' association may elect each year to file its federal income tax return as a not-for-profit homeowners' association or as a for-profit corporation. For 2020, the Umbrella Association filed its income tax returns as a not-for-profit homeowners' association with no income tax liability. For 2021, the Umbrella Association intends to file its income tax returns as a not-for-profit homeowners' association with no income tax liability.

For income tax purposes, as of December 31, 2021, the Umbrella Association has cumulative net operating losses for state purposes in the amount of \$182,202. The net operating losses begin to expire in 2022.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal and state income tax returns for 2020, 2019 and 2018 remain open to examination by the Internal Revenue Service and by the state. In evaluating the Association's tax provision and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

6. Fair value

In determining fair value, the Association uses various valuation approaches for fair value measurement within FASB ASC 820. Fair value measurements are determined based on the assumptions that the market participants would use in pricing an asset or liability.

FASB ASC 820 established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the uses of unobservable inputs by requiring that the most observable inputs be used when available. The defined levels within the hierarchy based on the reliability of inputs are as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The Association measures fair value for money markets as classified within Level 1 of the valuation hierarchy and certificates of deposit as classified within Level 2 of the valuation hierarchy. The Association does have a materiality threshold for adjusting to fair value, and believes all cash reflects fair value at December 31, 2021 with no material variance.

See independent accountant's compilation report.

7. Uninsured cash balances

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash, including interest-bearing accounts in financial institutions, which from time to time exceed the Federal depository insurance coverage limit. Cash, including interest-bearing accounts exceeding federally insured limits totaled \$338,815 at December 31, 2020. This matter was subsequently resolved in 2021.

8. Reclassification

Certain 2020 items have been reclassified to conform to the 2021 financial statement presentation.

See independent accountant's compilation report.

SUPPLEMENTARY INFORMATION

COROMANDEL UMBRELLA ASSOCIATION
SCHEDULE OF CERTAIN BALANCE SHEET ACCOUNT GROUPS
December 31, 2021 with comparative totals for 2020

	2021 Total	2020 Total
CASH, INCLUDING INTEREST-BEARING ACCOUNTS		
Checking	\$ 27,709	21,390
Money market	424,473	612,067
	\$ 452,182	633,457
 CERTIFICATES OF DEPOSIT	 \$ 4,894	 4,893
 ACCOUNTS RECEIVABLE		
Assessments	\$ 10,200	9,904
 ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES		
Accounts payable-operating	\$ 18,440	53,833
Accounts payable-replacement	13,000	52,840
	\$ 31,440	106,673

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
SCHEDULE OF REVENUE OVER (UNDER) EXPENDITURES
Year ended December 31, 2021 with comparative totals for 2020

	2021			Budget	2020 Total
	Operating Fund	Replacement Fund	Total		
REVENUE					
Member assessments	\$ 843,588	225,000	1,068,588	1,068,597	1,010,264
Interest		670	670		518
Other	51		51		2,419
TOTAL REVENUE	<u>843,639</u>	<u>225,670</u>	<u>1,069,309</u>	<u>1,068,597</u>	<u>1,013,201</u>
EXPENDITURES					
General and administrative	94,402		94,402	52,585	47,403
Operating	600,481		600,481	449,018	389,671
Maintenance and repairs	184,225		184,225	307,703	182,372
Insurance	8,997		8,997	10,291	10,598
Capital expenditures		329,120	329,120		244,429
TOTAL EXPENDITURES	<u>888,105</u>	<u>329,120</u>	<u>1,217,225</u>	<u>819,597</u>	<u>874,473</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ (44,466)</u>	<u>(103,450)</u>	<u>(147,916)</u>	<u>249,000</u>	<u>138,728</u>

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
SCHEDULE OF REVENUE ACCOUNTS

Year ended December 31, 2021 with comparative totals for 2020

	2021		2020
	Budget	Actual	Actual
REVENUE			
Member assessments	\$1,068,597	1,068,588	1,010,264
Interest		670	518
Other			
Clubhouse rental fees			525
Move in and out fees			1,150
Keys and transmitters		50	719
Late fees			25
Miscellaneous		1	
		51	2,419
TOTAL REVENUE	\$1,068,597	1,069,309	1,013,201

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
SCHEDULE OF EXPENDITURES

Year ended December 31, 2021 with comparative totals for 2020

	2021		2020
	Budget	Actual	Actual
GENERAL AND ADMINISTRATIVE			
Engineering	\$ 12,500	1,430	
Management	12,375	43,500	
Telephone and internet	8,650	12,851	10,846
Miscellaneous	6,250	1,042	11,246
Accounting fee	4,125	4,008	16,032
Compilation and taxes	3,000	3,000	2,850
Printing and copier	2,500	4,915	2,275
Legal	2,500	14,745	2,234
Postage and delivery	500	1,548	458
Bank fees	185	392	215
Website		168	
Real estate taxes		1,253	1,247
Dues and subscriptions		234	
Fees and permits		499	
Office supplies		2,901	
Computers and technology		1,625	
Travel expenses		291	
Total general and administrative	52,585	94,402	47,403

Continued...

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
SCHEDULE OF EXPENDITURES

Year ended December 31, 2021 with comparative totals for 2020

	2021		2020
	Budget	Actual	Actual
...Continued			
OPERATING			
Office	\$ 117,000	121,159	130,978
Total wages	117,000	121,159	130,978
Payroll taxes		7,307	10,411
Benefits		5,267	
Total wages and payroll taxes	117,000	133,733	141,389
Landscaping	150,000	127,240	123,440
Snow removal	115,000	268,444	82,697
Electricity	17,500	19,639	11,343
Maintenance contract	14,999	16,701	14,711
Pool and fitness	10,000	13,527	4,869
Janitorial contract	9,180	10,334	8,925
Gas	5,600	4,130	3,879
Water and sewer	5,239	1,699	1,516
Scavenger	4,500	1,749	1,243
Exterminating		3,285	
Holiday fund			(4,341)
Total operating	449,018	600,481	389,671

Continued...

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION

SCHEDULE OF EXPENDITURES

Year ended December 31, 2021 with comparative totals for 2020

	2021		2020
	Budget	Actual	Actual
...Continued			
MAINTENANCE AND REPAIRS			
Sprinklers	\$ 112,410	52,830	71,458
Contingency	50,000		
Plants	30,000		14,898
Pond and fountain	24,763	34,602	18,200
Parking/garage	15,000		
Tree maintenance and pruning	12,000	43,050	
Shoreline	10,100		8,250
Landscaping extras	10,000	16,774	28,817
Insect and disease control	8,500	3,431	8,213
Miscellaneous	5,125	4,318	1,003
Emerald ash borer	5,000	1,050	7,903
Watering service	4,000	2,210	7,670
Electrical	4,000	4,484	470
Sump pump	3,500		3,980
Roofs	2,200	3,191	1,925
Fitness room	1,500		
Janitorial supplies	1,500	5,005	877
Fire and safety	1,500	3,482	1,331
Heating, ventilating and air conditioning	1,000	1,418	
Playground	1,000		800
Clubhouse	1,000		117
Doors and windows	1,000	2,822	882
Plumbing	1,000	1,528	5,164
Interior painting and decorating	500	250	20
Sports court	500	275	44
Zimmerman pine moth	325		
Window washing	280		350
Lighting		96	
Equipment repair		2,692	
Exterior maintenance		22	
Security		160	
Repair material		535	
Total maintenance and repairs	307,703	184,225	182,372

Continued...

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION

SCHEDULE OF EXPENDITURES

Year ended December 31, 2021 with comparative totals for 2020

	2021		2020
	Budget	Actual	Actual
...Continued			
INSURANCE	\$ 10,291	8,997	10,598
CAPITAL EXPENDITURES			
Sidewalks			6,795
Trees			28,325
Landscaping		184,854	
Irrigation		86,632	147,203
Stone			17,000
Computer			3,156
Unilock walls			29,000
Drainage			12,950
Security		26,780	
Concrete		19,304	
Swimming pool		11,550	
Total capital expenditures		329,120	244,429
TOTAL EXPENDITURES	\$ 819,597	1,217,225	874,473

See independent accountant's compilation report.

COROMANDEL UMBRELLA ASSOCIATION
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2021

(COMPILED)

An independent consulting company conducted a study in February 2019 to estimate the remaining useful lives and the replacement costs of the components of community common areas. The estimates were based on 2019 estimated replacement costs. Funding requirements consider an annual inflation rate of three percent and an interest rate of one percent on amounts funded for future major repairs and replacements.

The following table is based on the study and presents significant information about the components of common elements.

Components	2019 Estimated remaining useful lives	2019 Estimated replacement cost	2022 Funding requirement	Components of fund balance at Dec. 31, 2021
Property site elements	0-30 yrs	\$ 8,309,548		
Clubhouse elements	0-30 yrs	1,358,863		
Pool elements	0-30 yrs	193,194		
		<u>\$ 9,861,605</u>	<u>\$267,189</u>	<u>\$ 434,480</u>

See independent accountant's compilation report.