

317 Howard Street
Medford, OR 97504

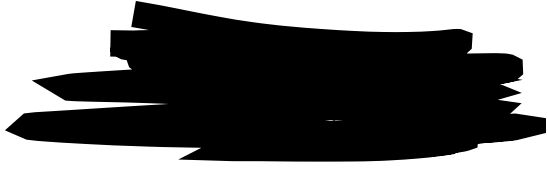
Statement date: 10/04/2023
Move in date: 08/09/2020
Recurring dues: 95.40

Unpaid Charges



2008001

Bella Vista Homes HOA
Lot 1-107
Medford, OR 97504



Date	Description	Charges	Payments	Balance
No Results				

Total Amount Due	0 - 30 Days	30+ Days
0.00	0.00	0.00

BELLA VISTA HOMES HOMEOWNER'S ASSOCIATION

—

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022

DRAFT

Bella Vista Homes Homeowner's Association

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Bella Vista Homes Homeowner's Association
Medford, Oregon

We have reviewed the accompanying financial statements of Bella Vista Homes Homeowner's Association, which comprise the balance sheet – modified cash basis as of December 31, 2022, and the related statements of revenues and expenses – modified cash basis and changes in fund balance – modified cash basis 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting the Association uses is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Bella Vista Homes Homeowner's Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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 accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information about future major repairs and replacements of common property on pages 8 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information, and we do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Milwaukie, Oregon
[Date Client Representation Letter is signed]

Bella Vista Homes Homeowner's Association
Balance Sheet - Modified Cash Basis
December 31, 2022

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash, including interest bearing deposits	\$ 372	\$ 311	\$ 683
Cash held with management	75,401	94,914	170,315
Interfund balance	<u>(22,253)</u>	<u>22,253</u>	<u>-</u>
Total assets	<u>\$ 53,520</u>	<u>\$ 117,478</u>	<u>\$ 170,998</u>
LIABILITIES AND FUND BALANCE			
Refundable construction deposits	\$ 45,500	\$ -	\$ 45,500
Fund balance	<u>8,020</u>	<u>117,478</u>	<u>125,498</u>
Total liabilities and fund balance	<u>\$ 53,520</u>	<u>\$ 117,478</u>	<u>\$ 170,998</u>

See accompanying notes and independent accountant's review report.

Bella Vista Homes Homeowner's Association
Statement of Revenues and Expenses - Modified Cash Basis
For the Year Ended December 31, 2022

	<u>Operating</u> Fund	<u>Replacement</u> Fund	<u>Total</u>
REVENUES			
Regular assessments	\$ 82,946	\$ 22,564	\$ 105,510
Late fees	752	-	752
Architectural review fees	1,925	-	1,925
Other income	200	-	200
Total revenues	<u>85,823</u>	<u>22,564</u>	<u>108,387</u>
EXPENSES			
Property maintenance	4,409	-	4,409
Utilities	10,663	-	10,663
Landscaping	77,660	-	77,660
Insurance	1,255	-	1,255
Management fees	12,000	-	12,000
Professional fees	3,832	-	3,832
Office expense	275	-	275
Licenses and permits	50	-	50
Other expenses	100	-	100
Total expenses	<u>110,244</u>	<u>-</u>	<u>110,244</u>
Excess of revenues over (under) expenses	<u>\$ (24,421)</u>	<u>\$ 22,564</u>	<u>\$ (1,857)</u>

See accompanying notes and independent accountant's review report.

Bella Vista Homes Homeowner's Association
Statement of Changes in Fund Balance - Modified Cash Basis
For the Year Ended December 31, 2022

	Operating Fund	Replacement Fund	Total
Fund balance, as of December 31, 2021	\$ 31,441	\$ 94,914	\$ 126,355
Excess of revenues over (under) expenses	(24,421)	22,564	(1,857)
Initial working capital contributions	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Fund balance, as of December 31, 2022	<u>\$ 8,020</u>	<u>\$ 117,478</u>	<u>\$ 125,498</u>

See accompanying notes and independent accountant's review report.

Bella Vista Homes Homeowner's Association
Notes to Financial Statements
December 31, 2022

Note 1 - Nature of Organization

Bella Vista Homes Homeowner's Association ("The Association") was organized on February 23, 2007 under the provisions of the Oregon Planned Community Act and Oregon Non-Profit Corporation Law. The Association is responsible for the operation and maintenance of the common property within the development including, but not limited to a lot gifted to the Association by the Declarant in 2021 and other items detailed in the supplementary information. Common areas are restricted to use by the Association members, their tenants, and guests. The development consists of 107 residential units located in Medford, Oregon.

Note 2 - Summary of Significant Accounting Policies

Accounting Method

The Association prepares its year-end financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The basis of presentation differs from GAAP in that revenues are recognized when received and expenses are recognized when cash is disbursed rather than when the obligation is incurred, except for cash receivable from the community management company and refundable construction deposits.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

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. The Association's policy is to place liens on the properties of homeowners whose assessments are 90 days or more delinquent, and to turn over delinquent accounts to the collection attorney if the delinquent balance is in excess of \$500 for more than two years. Any excess assessments at year-end are retained by the Association for use in future years.

Refundable Construction Deposits

The builder, contractor or design professional is required to submit a construction deposit prior to beginning work at the project site. The construction deposit shall be in addition to the application fee required by the Design Guidelines (Note 7). The construction deposit, in whole or in part, at the discretion of the Architectural Control Committee (ACC) shall be forfeited if the ACC finds that the builder, contractor, or design professional has violated any provision of the Design Guidelines or the Association's governing documents and refuses to remedy the situation within 30 days of notification. A \$1,000 non-refundable application fee and \$3,250 refundable construction deposit are due at the time of application submittal. The Association is reporting \$45,500 of refundable construction deposits from 14 owners at December 31, 2022.

Note 3 - Income Taxes

Homeowner associations may be taxed either as homeowner associations or as nonexempt membership organizations. For the year ended December 31, 2022, the Association elected to be taxed as a homeowner association. Under that election, the Association generally is taxed only on non-exempt income, such as interest earnings, at applicable federal and state tax rates. The Association files returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Tax filings are generally subject to federal and state examination for three years after they are filed.

Bella Vista Homes Homeowner's Association
Notes to Financial Statements - Continued
December 31, 2022

Note 4 - Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregated \$117,478 at December 31, 2022, are generally not available for operating purposes. The Oregon Planned Community Act restricts the permanent transfer of funds from the replacement fund.

The Association engaged a consultant who conducted a study dated in July 2022 to estimate the remaining useful lives and the replacement costs of the common property components. The excerpt included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on the study.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures, investment income and provision for income taxes, however, 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 future needs. If additional funds are needed, however, the Association has the right, subject to member approval if in excess of 5% of the budgeted expenses, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 5 - Cash Held with Management

As of December 31, 2022, operating fund cash of \$75,401 and replacement fund cash of \$94,914 was held in client trust accounts with the Association's management company, which were combined with several other organizations' cash balances. During 2023, all funds of the Association were transferred to new bank accounts in the name of the Association.

Note 6 - Interfund Balance

At December 31, 2022, the operating fund owed \$22,253 to the replacement funds for the 2022 reserve contribution and deferred Declarant dues collected in 2022, less \$311 paid from operating to open the new reserve bank account.

Note 7 - Architectural Review Fees

The ACC was established to implement and administer the Association's Design Guidelines. For new residential construction, a \$4,250 payment is required and includes a \$3,250 refundable construction deposit and \$1,000 for a non-refundable application fee for ACC review, of which the Association pays \$350 to its community management company. For expedited review, an additional \$500 is charged and the community management company is paid \$175. For the year ended December 31, 2022, the Association is reporting ACC review fees of \$3,500 less management fees of \$1,575.

Note 8 - Initial Working Capital Contributions

In accordance with the Association's governing documents, the Association collects working capital contributions of \$200 on the initial sale of each unit. Working capital contributions are deposited into the Association's operating fund.

Note 9 - Declarant Activity

Declarant Owned Units

As of December 31, 2022, the Declarant owned 4 lots.

Deferred Reserve Assessments Payments

As of December 31, 2022, payment of \$6,138 of reserve assessments charged to the Declarant was deferred to be paid at the closing of sales of units owned by the Declarant.

Declarant Control

As of December 31, 2022, the Declarant was in control of the Association.

See Independent Accountant's Review Report

Bella Vista Homes Homeowner's Association
Notes to Financial Statements - Continued
December 31, 2022

Note 10 - Community Management

The Association employs a community manager to perform accounting and community management functions. The Association also employs the community manager to perform certain maintenance and repair work relating to the Association's common elements.

Note 11 - Date of Board of Directors' Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through [Date Client Representation Letter is signed], the date the financial statements were available to be issued.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

Bella Vista Homes Homeowner's Association
Supplementary Information on Future Major Repairs
And Replacements (Compiled)
December 31, 2022

The Association engaged a consultant who conducted a full on-site reserve dated in July 2022 to estimate the remaining useful lives and the replacement costs of the components of common property. The consultant obtains estimates as applicable from original plans and specifications, original builders and developers, contractors and vendors, industry professionals, board members, general Association members, managers and various cost estimating services. Replacement costs were based on the estimated costs to repair or replace the common property components on the date of the study assuming an annual inflation rate of 2% and a rate of return on investments of 0% with a provision for income taxes of 30%. The study used the full-funding method.

The attached excerpt on page 9 includes significant information about the components of common property. The reserve study should be read in its entirety.

Replacement Funding Summary for the Year Ended December 31, 2022:

Current year's assessments	
Reserve assessments	\$ 17,064
Declarant deferred reserve assessments paid	5,500
Less: Amount recommended by reserve study	<u>(17,576)</u>
Difference	\$ <u>4,988</u>
Replacement fund balance at end of year	\$ <u><u>117,478</u></u>

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	10	10	2032	\$ 3,047	\$ 305	\$ 305
Fence-Chain Link	35	25	2047	\$ 241,989	\$ 76,054	\$ -
Landscape Irrigation Valves	50	50	2072	\$ -	\$ -	\$ -
Landscape Renovation	10	10	2032	\$ 12,190	\$ 1,219	\$ 1,219
Landscape-Irrigation	30	30	2052	\$ -	\$ -	\$ -
Landscape-Irrigation Controllers	50	49	2071	\$ -	\$ -	\$ -
Lights-Exterior-Street-Parking(Head Only)	25	9	2031	\$ 6,214	\$ 4,226	\$ 4,226
Lights-Exterior-Water Feature	50	48	2070	\$ -	\$ -	\$ -
Mailbox-Cluster	30	14	2036	\$ 19,581	\$ 11,096	\$ 11,096
Paving-Asphalt- Crackseal, Sealcoat-Path	5	2	2024	\$ 624	\$ 499	\$ 499
Paving-Asphalt-Overlay	30	20	2042	\$ 265,699	\$ 97,423	\$ 72,338
Paving-Asphalt-Overlay-Path	30	20	2042	\$ 6,687	\$ 2,452	\$ 2,452
Paving-Asphalt-Repair, Crackseal, Sealcoat	5	2	2024	\$ 24,804	\$ 19,843	\$ 19,843
Storm Drain- Maintenance	50	50	2072	\$ -	\$ -	\$ -
Water Feature - Motor	50	47	2069	\$ -	\$ -	\$ -
Water Feature - Pumps	50	49	2071	\$ -	\$ -	\$ -
				\$ 580,836	\$ 213,117	\$ 111,978

Investment Rate	0.00%	Contingency	\$ -	\$ -
Tax Rate	30.00%	Total	\$ 213,117	\$ 111,978
Inflation Rate	2.00%			
Contingency Rate	0.00%			

2024 Reserve Study & Maintenance Plan

Bella Vista Heights

Medford , OR

Prepared By:

Regenesis Reserves

Report Issued Date:

September 7, 2023

Site Inspection Date:

No Site Visit Completed

REGENESIS RESERVES

Reserve Study Consultants
Oregon | Washington

September 7, 2023

Robert Rood
Phone (541) 776-7674

RE: **Bella Vista Heights**

SPECIAL NOTE ON FUNDING RESERVES

In an effort to provide the best and most useful information to the board, our reserve study software offers customizable funding plans. That means if the board has a different funding plan in mind than the one we recommend, we can produce that plan.

There are many approaches to funding reserves but it is recommended that Full (100%) Funding be pursued because it is most likely to avoid special assessments and it shares costs fairly among all members along the 30-year time line. Due to fluctuating inflation rates, investment rates, component costs, starting balances and useful life adjustments, the Percent Funded level will fluctuate (sometimes dramatically) from year to year. The Funding Plan takes these factors into consideration, make adjustment to the Annual Contribution and charts a new course forward toward positive funding.

Type of Reserve Study Performed

A Level III Reserve Study Update with No Site Inspection was performed for this report.

Reserve Account Starting Balance

Effective the start of the 2024 fiscal year, based on information provided by client, the Projected Starting Reserve Balance is **\$135,290** versus the Fully Funded/Ideal Starting Balance is **\$268,601**.

Percent Funded

This homeowner association is currently **50% Funded** (Actual Starting Balance divided by Ideal Starting Balance.) 0-35%=Weak; 36-70%=Fair; 71-100%=Strong

Recommended Funding Plan Summary

A contribution of **\$23,750 is recommended for the 2024 Fiscal Year** (See funding plan for future year recommendations). Following this Recommended Funding Plan will adjust the level of reserves to **100% funded in 21 years**, then maintain 100% funded moving forward.

REGENESIS RESERVES

Reserve Study Consultants
Oregon | Washington

Interest Yield on Reserves

A **0.27% Yield** is projected based on the current rate of return on your invested reserves. One of the benefits of the reserve study is it provides information needed to improve reserves investment returns. Investing reserves in CDs of differing maturities like 1 year, 3 year and 5 year based on when liquid funds will be needed will improve the average yield. A 1.5% average yield is achievable in the current market. If this rate was used in the projections, **\$143,047** in Interest Income would result over the 30 year projection period versus **\$25,748** produced by the current yield. Bottom Line: Increased Interest Income will lower owner contributions.

Inflation Rate

2.50% inflation rate was used based on the most recent 15-year average published by www.inflationdata.com

Tax Rate. 30% was used based on using Federal Tax Form 1120H versus 1120 which carries a 15% tax rate. Form 1120 is more complicated than 1120H, requirements are more stringent and tax preparers charge more to complete it. However, if interest earnings are high enough, the additional preparation cost can be worth it. See your CPA for more information on tax filing options.

Maintenance Plan

The proper care and maintenance of common components have been entrusted to the homeowner association. The goal of the Maintenance Plan is to provide general information and direction on how to maintain those components to produce the highest livability for the members. While specific items are included, the plan is not exhaustive and some issues may develop over time which should be added to the Plan. Recommendations relating to the Reserve Study are found in the Worksheet Notes; those related to annual maintenance are found in a Maintenance Plan found at the end of this report.

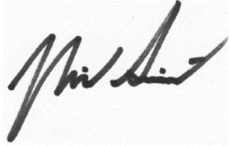
Annual Review & Update Service. An annual review and update of the Reserve Study is required by statute and necessary for continued accuracy. A review and update provides a new 30-year projection with current inflation factor, investment rates and any known component cost changes. **The board has approved a 2025 No Site Inspection Update for \$549. Please remember to include this cost in the annual budget.**

REGENESIS RESERVES

Reserve Study Consultants
Oregon | Washington

It's been my pleasure to provide this valuable financial and maintenance planning information. I can be available to meet at a Medford location or by teleconference, for up to one hour, to review this reserve study, answer questions and make revisions that are indicated. Tuesday, Wednesday or Thursday are generally my best available days. Please contact me to arrange a meeting.

Regards,



Michael B. Stewart PRA
PROFESSIONAL RESERVE ANALYST



2024 Reserve Study

Bella Vista Heights

Medford , OR

Prepared By:

Regenesis Reserves

Date:

September 7, 2023

Reserve Study Table of Contents

METHODOLOGY

Explains the purpose of the reserve study, how the information was gathered and the sources used.

LIMITATIONS & ASSUMPTIONS

Explains what a Reserve Study does and does not do.

WORKSHEET REPORT

Alphabetical listing of the reserve components by type, cost, year put in service, useful life and replacement year

FUNDING PLAN SUMMARY REPORT

- **Percent Funded:** Starting Balance divided by the Ideal Balance
- **Ideal Balance:** Each component is measured, assessed for useful and remaining useful life plus cost of repair or replacement. Based on this analysis, each component should have a certain amount of money set aside as of the year in question. The Ideal Balance is the sum of all these component amounts as adjusted by the inflation factor.
- **Starting Balance:** Reserve funds total at beginning of each fiscal year
- **Annual Contribution:** Funds needed to meet the reserve schedule
- **Interest Income:** Yield on invested reserve funds
- **Tax Liability:** Federal taxes owed on investment interest earned

ANNUAL EXPENDITURES REPORT

Chronological repair and replacement schedule

STARTING BALANCE FUNDS DISTRIBUTION

Allocates available funds to the components. If funds are insufficient to fully fund each component, funds are allocated to components that are scheduled to happen sooner.

Reserve Study Methodology

DEFINITION

Reserve Study Identifies the components which will require maintenance, repair or replacement in more than one and less than thirty years and the cost of repair or replacement of each at recommended intervals. Site inspections are based on visual observation and no invasive testing was done. Representative sampling is used where visual inspection is not possible.

RESERVE STUDY CRITERIA

1. Identify current reserve funds balance
2. Identify components to be included
3. Establish reasonable useful life of each component
4. Establish remaining useful life of each component
5. Estimate current replacement or repair cost of each component
6. Assemble data in Reserve Study
7. Generate Reserve Funding Plan.

FUNDING PLAN CRITERIA

The Funding Plan is based on the Cashflow Method and includes Percent Funded, Inflation Adjusted Ideal Balance, Starting Balance, Annual Contribution, Interest Income, Tax Liability and Inflation Adjusted Expenditures. Inflation is based on the most recent 15-year average as determined by www.inflationdata.com

SOURCES OF INFORMATION (as applicable):

Original plans and specifications
Original builders and developers
Contractors and vendors
Industry Professionals (engineers, architects, construction managers, etc.)
Board Members
General Members
Property Manager
Resident Manager
Cost Estimating Services

To remain accurate, the Reserve Study must be updated annually

Reserve Study Limitations & Assumptions

1. The Reserve Study is intended for the sole use of the Client and is not to be construed as a guarantee, warranty or an opinion on the advisability of purchase.
2. The information provided by the Reserve Study is effective for one year from the completion date of the report. An annual review and update of this Reserve Study is required to adjust known cost changes and to maintain accuracy.
3. Consultant's financial liability for errors and omissions is limited to the charge made to Client to perform the Reserve Study.
4. The scope of the Reserve Study is expressly limited to the components included.
5. The useful life estimates of the Reserve Study assume normal weather conditions and do not factor in damage by flood, wind, storm, earthquake or other insurable events. The useful life estimates assume proper construction, installation, design and regular and adequate preventive maintenance. Improper construction, installation, design or failure to maintain will lead to shortened useful lives.
6. The cost estimates of the Reserve Study are based in current pricing for similar installations and materials and/or based in actual costs paid by Client. Future costs are subject to change according to supply and demand, material costs, effects of inflation and other factors which are not under Consultant's control.
7. The conclusions of the Reserve Study do not involve invasive testing of the components and were arrived at by either visual inspection and/or information provided by Client.
8. The Reserve Study is not intended to address or discover construction defects, asbestos, mold, water intrusion or lead paint. Client agrees to indemnify, defend and hold Consultant harmless from all related claims.

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Concrete Safety Repair Comments: This is a budget to inspect all flatwork and sidewalks for tripping hazards of 3/8" or more, grind down or remove and replace selected sections as needed over a 10 year period; list year, work done and cost here.	1	Total	\$ 2,500.00	\$ 3,122	2022	10	2032	9	No
Fence-Chain Link	2,950	Ln.Ft.	\$ 50.00	\$ 301,845	2012	40	2052	29	Yes
Landscape Irrigation Valves Comments: Replaced as needed and paid from Operating Budget.	48	Total	\$ -	\$ -	2022	50	2072	49	Yes
Landscape Renovation Comments: This budget For landscape projects outside regular maintenance needs such as plant removal/replacement or drainage correction for all area included in the Bella Vista Homes HOA. Renovation work should be recorded here including description of work, year completed and cost to assist with estimating future needs.	1	Total	\$ 10,000.00	\$ 12,489	2022	10	2032	9	No
Landscape-Irrigation Comments: Repairs and replacements of individual components of the irrigation system are completed as needed by landscape duties and are paid for out of Operating Budget. An irrigation system replacement generally is not warranted, as the system as a whole does not fail. If it is determined that a new irrigation system is warranted, or a major repair/renovation is needed, add the cost and replacement date here.	1	Total	\$ -	\$ -	2022	30	2052	29	Yes
Landscape-Irrigation Controllers Comments: Replaced as needed and paid from Landscape Operating Budget. 2022: Advised that irrigation master controller at the South entrance has been abandoned as individual batter timers have been installed on 7 valves inside the AG buffer. 2021: 2 out of 3 controllers replaced by US Lawns at a cost of \$3,000 each.	3	Each	\$ -	\$ -	2021	50	2071	48	Yes
Lights-Exterior-Street-Parking(Head Only) Comments: 2023: 3 of 8 street lights on La Strada Circle converted from high pressure sodium to LED and 1 fuse replaced at a cost of \$1,858 contractor unknown.	8	Fixtures	\$ 650.00	\$ 6,336	2006	25	2031	8	No
Lights-Exterior-Water Feature Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.	7	Fixtures	\$ -	\$ -	2020	50	2070	47	Yes
Mailbox-Cluster Comments: Budget assumes using existing concrete and setting all boxes up according to USPS regulations.	106	Units	\$ 150.00	\$ 21,918	2006	30	2036	13	Yes
Paving-Asphalt- Crackseal, Sealcoat-Path Comments: 2022: Advised pathway includes Tract B only advised that Tract C pathway has been abandoned and will not be maintained.	2,000	Sq.Ft.	\$ 0.30	\$ 615	2019	5	2024	1	No

Item Description	# of Items	Unit	Current Item Cost	Future Replacement Cost	Year Built	Useful Life	Year Replace	Life Left	One Time?
Paving-Asphalt-Overlay Comments: Under average traffic conditions, and regular and adequate cycles of repair, crack seal and sealcoating, a properly installed asphalt pavement should last 30–40 years. Heavy truck traffic like garbage trucks can accelerated damage to the traffic lane. Sealcoating should be applied within 2 years of installation date. 2022: Advised that pavement responsibility is limited to Carino Drive Tract F (17,877 sq. Ft), Sorrento Lane Tract E (6,521 Sq. Ft.) and, Camina Drive Tract G (6,572 Sq.Ft.) La Strada Circle (48,500 Sq. Ft.)	79,470	Sq.Ft.	\$ 2.50	\$ 317,612	2012	30	2042	19	Yes
Paving-Asphalt-Overlay-Path Comments: 2022: Areas observed that will need replacement sooner, replacement work can be paid from this budget.	2,000	Sq.Ft.	\$ 4.00	\$ 12,789	2012	30	2042	19	Yes
Paving-Asphalt-Repair, Crackseal, Sealcoat Comments: Asphalt is a porous material that is deteriorated by water, dirt, oil and sunlight. To protect it from the elements, a sealcoating should be applied as paint is applied to siding. Sealcoating will seal against water, protect against UV rays which break it down, keep the asphalt from drying out and extend its useful life. It is highly recommended that two coats be applied to achieve the estimated useful life. Restriping (if applicable) included in the cost. In general, it is recommended sealing asphalt surfaces within 2 years of their placement. This early treatment ensures that oils present in the surface asphaltic cement are protected from ultraviolet rays that harden the oils and cause surface rock to loosen from the asphalt. 2022: Advised that pavement responsibility is limited to Carino Drive Tract F (17,877 sq. Ft), Sorrento Lane Tract E (6,521 Sq. Ft.) and, Camina Drive Tract G (6,572 Sq.Ft.) La Strada Circle(48,500 Sq. Ft.)	79,470	Sq.Ft.	\$ 0.30	\$ 24,437	2019	5	2024	1	No
Storm Drain- Maintenance Comments: To be completed as needed and paid from Operating Budget.	1	Total	\$ -	\$ -	2022	50	2072	49	Yes
Water Feature - Motor Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.	2	Total	\$ -	\$ -	2019	50	2069	46	Yes
Water Feature - Pumps Comments: 2022: Advised to remove from report; board has voted to replace the water feature with plants.	2	Total	\$ -	\$ -	2021	50	2071	48	Yes

Number of Items = 16

Weak (0-35%) Fair (36-70%) Strong (71-100%)

Recommended
September 7, 2023 **Funding Plan Summary** **Bella Vista Heights**

Year	Percent Funded	Inflation Adjusted Ideal Balance	Starting Balance	Annual Contribution	Interest Income	Tax Liability	Inflation Adjusted Expenditures
2024	50%	268,601	135,290	23,750	397	(119)	(25,052)
2025	50%	270,322	134,266	24,464	396	(119)	0
2026	54%	297,096	159,007	25,199	463	(139)	0
2027	57%	323,869	184,529	25,956	533	(160)	0
2028	60%	350,642	210,858	26,735	605	(182)	0
2029	63%	377,416	238,017	27,539	680	(204)	(28,344)
2030	63%	376,590	237,688	28,366	680	(204)	0
2031	66%	404,109	266,530	29,218	759	(228)	(6,336)
2032	68%	425,508	289,944	30,096	823	(247)	(15,611)
2033	70%	438,069	305,006	31,000	865	(260)	0
2034	72%	466,241	336,612	31,932	952	(286)	(32,069)
2035	73%	463,187	337,141	32,891	955	(286)	0
2036	75%	492,202	370,700	33,879	1,047	(314)	(21,918)
2037	77%	498,568	383,394	34,897	1,082	(325)	0
2038	80%	526,852	419,049	35,946	1,180	(354)	0
2039	82%	555,136	455,820	37,025	1,281	(384)	(36,283)
2040	83%	548,091	457,459	38,138	1,287	(386)	0
2041	86%	577,329	496,498	39,284	1,394	(418)	0
2042	88%	606,567	536,757	40,464	1,504	(451)	(350,384)
2043	83%	274,967	227,889	41,680	672	(201)	0
2044	92%	293,751	270,039	42,932	787	(236)	(41,051)
2045	100%	272,563	272,471	19,421	762	(229)	0
2046	100%	292,426	292,426	19,292	816	(245)	0
2047	100%	312,289	312,289	19,255	869	(261)	0
2048	100%	332,152	332,152	19,217	923	(277)	0
2049	100%	352,015	352,015	20,399	978	(293)	(46,445)
2050	100%	326,654	326,654	20,447	910	(273)	0
2051	100%	347,737	347,737	20,407	966	(290)	0
2052	100%	368,821	368,821	13,544	1,014	(304)	(327,425)
2053	100%	55,650	55,650	14,135	169	(51)	0

Total \$847,507 \$25,748 (\$7,725) (\$930,917)

0.27% **Investment Rate**
30.00% **Tax Rate**
2.50% **Inflation Rate**
0.00% **State Tax**

Year	Amount	Item Description
	615	Paving-Asphalt- Crackseal, Sealcoat-Path
	24,437	Paving-Asphalt-Repair, Crackseal, Sealcoat
2024	25,052	
	696	Paving-Asphalt- Crackseal, Sealcoat-Path
	27,648	Paving-Asphalt-Repair, Crackseal, Sealcoat
2029	28,344	
	6,336	Lights-Exterior-Street-Parking(Head Only)
2031	6,336	
	3,122	Concrete Safety Repair
	12,489	Landscape Renovation
2032	15,611	
	787	Paving-Asphalt- Crackseal, Sealcoat-Path
	31,281	Paving-Asphalt-Repair, Crackseal, Sealcoat
2034	32,069	
	21,918	Mailbox-Cluster
2036	21,918	
	891	Paving-Asphalt- Crackseal, Sealcoat-Path
	35,392	Paving-Asphalt-Repair, Crackseal, Sealcoat
2039	36,283	
	3,997	Concrete Safety Repair
	15,987	Landscape Renovation
	317,612	Paving-Asphalt-Overlay
	12,789	Paving-Asphalt-Overlay-Path
2042	350,384	
	1,008	Paving-Asphalt- Crackseal, Sealcoat-Path
	40,043	Paving-Asphalt-Repair, Crackseal, Sealcoat

Year	Amount	Item Description
2044	41,051	
	1,140	Paving-Asphalt- Crackseal, Sealcoat-Path
	45,305	Paving-Asphalt-Repair, Crackseal, Sealcoat
2049	46,445	
	5,116	Concrete Safety Repair
	301,845	Fence-Chain Link
	20,464	Landscape Renovation
2052	327,425	
Total	930,917	

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	10	9	2032	\$ 3,122	\$ 624	\$ 624
Fence-Chain Link	40	29	2052	\$ 301,845	\$ 90,554	\$ -
Landscape Irrigation Valves	50	49	2072	\$ -	\$ -	\$ -
Landscape Renovation	10	9	2032	\$ 12,489	\$ 2,498	\$ 2,498
Landscape-Irrigation	30	29	2052	\$ -	\$ -	\$ -
Landscape-Irrigation Controllers	50	48	2071	\$ -	\$ -	\$ -
Lights-Exterior-Street-Parking(Head Only)	25	8	2031	\$ 6,336	\$ 4,562	\$ 4,562
Lights-Exterior-Water Feature	50	47	2070	\$ -	\$ -	\$ -
Mailbox-Cluster	30	13	2036	\$ 21,918	\$ 13,151	\$ 13,151
Paving-Asphalt- Crackseal, Sealcoat-Path	5	1	2024	\$ 615	\$ 615	\$ 615
Paving-Asphalt-Overlay	30	19	2042	\$ 317,612	\$ 127,045	\$ 84,287
Paving-Asphalt-Overlay-Path	30	19	2042	\$ 12,789	\$ 5,116	\$ 5,116
Paving-Asphalt-Repair, Crackseal, Sealcoat	5	1	2024	\$ 24,437	\$ 24,437	\$ 24,437
Storm Drain- Maintenance	50	49	2072	\$ -	\$ -	\$ -
Water Feature - Motor	50	46	2069	\$ -	\$ -	\$ -
Water Feature - Pumps	50	48	2071	\$ -	\$ -	\$ -
				\$ 701,163	\$ 268,601	\$ 135,290

Investment Rate 0.27%
Tax Rate 30.00%
Inflation Rate 2.50%
Contingency Rate 0.00%

Contingency \$ - \$ -
Total \$ 268,601 \$ 135,290

Maintenance Plan for Bella Vista Heights

The proper care and maintenance of substantial assets have been entrusted to the homeowner association. The key to any effective Maintenance Plan is consistency and expertise. The goal of this Maintenance Plan is to provide general information and direction on how to maintain those assets to produce the highest livability and market values for member units. While many specific items are included, the list is not exhaustive and some issues may develop over time which should be added to the Plan.

Many building and grounds components require specific maintenance to ensure their proper function. Many of the tasks are suitable only to trained professionals with a thorough understanding of the systems. It is highly recommended that only licensed, bonded and insured workman with the training, knowledge, tools and equipment to handle the maintenance of those systems or components be used to ensure highest service quality.

Annual Maintenance

The following tasks should be performed on according to a regular and adequate schedule as preventive maintenance:

Concrete Safety Repairs

Inspect all concrete for tripping hazards. Repair as needed.

Landscape-Maintenance

Landscaping is an extremely important aspect of livability and market value. Having a contractor that is competent and regularly attending to the landscaping is the proper approach. When the contractor completes work, a job slip should be left with a designated Committee member so the work can be reviewed. If there are deficiencies, the contractor should be notified immediately. If the contractor is consistently unresponsive or the quality of work deficient, a change in contractors is indicated. For details on landscape maintenance, refer to the landscape contractor's agreement.

Pressure Washing

Each year, selected areas of asphalt and concrete sidewalks and steps should be pressure washed to remove oil spots, algae and moss which could cause slipping hazards.

Reserve Study Maintenance
See worksheet report comments

**Bella Vista Homes Homeowner's Association
c/o Quality Property Management
317 Howard Street
Medford, Oregon 97504**

Schwindt & Co.
12300 SE Mallard Way, Suite 275
Milwaukie, Oregon 97222

This representation letter is provided in connection with your review of the financial statements of Bella Vista Homes Homeowner's Association, which comprise the balance sheet - modified cash basis as of December 31, 2021, and the related statements of revenues and expenses - modified cash basis and changes in fund balance - modified cash basis for the year then ended, and the related notes to the financial statements, for the purpose of obtaining limited assurance as a basis for reporting whether you are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with the modified cash basis of accounting as described in note 2 of the financial statements.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We represent that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of [Date Client Representation Letter is signed]:

Financial Statements

1. We acknowledge our responsibility and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting.
2. We acknowledge our responsibility and have fulfilled our responsibilities for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due from fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those related to fair value, are reasonable.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.
6. All events occurring subsequent to the date of the financial statements which may have a significant financial effect on the Association's financial statements have been disclosed.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
8. All known actual or possible litigation and claims have been disclosed.
9. There are no transfers or designations of fund balance or interfund borrowings that were not properly authorized and approved or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
10. We understand that the board of directors is responsible for the Association's calculation of member assessments and have done so in accordance with the Association's governing documents.

11. With respect to financial statement preparation and income tax return services performed by you, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

12. We have responded fully and truthfully to all inquiries made to us by you during your review. We have provided you with:
 - i. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, as agreed upon in the terms of the engagement;
 - ii. Minutes of meetings of stockholders, directors, and committees of directors or summaries of actions of recent meetings for which minutes have not yet been prepared;
 - iii. Additional information that you have requested from us for the purpose of the review; and
 - iv. Unrestricted access to persons within the Association from whom you determined it necessary to obtain review evidence.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have no knowledge of any significant facts relating to any fraud or suspected or alleged fraud known to management that may have affected the Association involving:
 - i. Management,
 - ii. Employees who have significant roles in internal control, or
 - iii. Others, when the fraud could have a material effect on the financial statements.
15. We have no knowledge of any fraud, allegations of fraud, or suspected fraud, affecting the Association's financial statements as a whole communicated by employees, former employees, analysts, regulators, or others.
16. We have no plans or intentions that may materially affect the carrying amounts or classification of assets and liabilities.
17. We have disclosed to you all known actual or possible instances of noncompliance with laws or regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation and claims and we have not consulted legal counsel concerning litigation or claims. We have disclosed to you any other material liabilities or gain or loss contingencies.
19. We have disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which we are aware.
20. We have disclosed to you all information relevant to the use of the going concern assumption in the financial statements.
21. The Association has satisfactory title to all owned assets, and no liens or encumbrances on such assets exist, nor has any asset been pledged as collateral, except as disclosed to you and reported in the financial statements.
22. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. We are in agreement with the adjusting entries on page 4 that you have recommended, and they have been posted to the Association's accounts.
24. The board of directors is collecting funds for future major repairs and replacements in conformity with Bella Vista Homes Homeowner's Association's policy to fund for those needs based on a study dated in July 2022. The board of directors believes the funds will adequately provide for future major repairs and replacements.

25. With respect to the required supplementary information on future major repairs and replacements accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the required supplementary information in accordance with Financial Accounting Standards Board (FASB).
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with FASB guidelines.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the following significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:
 - The consultant obtains estimates as applicable from original plans and specifications, original builders and developers, contractors and vendors, industry professionals, board members, general Association members, managers and various cost estimating services.
 - Replacement costs were based on the estimated costs to repair or replace the common property components on the date of the study, assuming an annual inflation rate of 2% and a rate of return on investments of 0% with a provision for income taxes of 30%.
 - The study used the full-funding method.
26. Although we have asked you to assist the board of directors in assembling the supplementary information about future major repairs and replacements required by the FASB, we are responsible for the presentation of that information.
27. We have reviewed your management letter comment on page 4 and understand the nature of your findings, and we are taking appropriate action to implement your recommendation.
28. We understand that the board of directors is responsible for the Association's choice of filing Form 1120-H and the consequences thereof.
29. The Association's allocation of expenses against exempt and nonexempt function income conforms with IRS rules, which require that the allocation be made "on a reasonable basis." We have adequately documented such allocation.
30. The board of directors has reviewed the Association's insurance coverage for the current year and believes it is adequate.
31. The board of directors is responsible for determining that the Association's insurance complies with governing documents and for understanding the agent's method for determining coverage.

MANAGEMENT LETTER

To the Board of Directors
Bella Vista Homes Homeowner's Association
Medford, Oregon

In planning and performing our review of the financial statements of Bella Vista Homes Homeowner's Association for the year ended December 31, 2021, we found the following financial matter to bring to your attention.

No Meeting Held

We found that the Association has not held any meetings since 2020 due to COVID-19 concerns.

Section 2.3 of the Association's Declaration requires the Association to hold its annual meeting at least 30 days but not more than 120 days before the close of the Association's fiscal year.

We recommend that the Association discuss with an attorney the Association's compliance with this section of the governing documents. The Association should explore alternative methods of holding at least an annual meeting, such as via videoconference.

We will review the status of this comment during our next engagement. We will be pleased to discuss this matter in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing our recommendation.

Milwaukie, Oregon
[Date Client Representation Letter is signed]

Client: **2belvi - Bella Vista Homes Homeowner's Association**
 Engagement: **REVIEW 12-31-2021**
 Period Ending: **12/31/2021**
 Trial Balance: **TB**
 Workpaper: **3700.05 - Combined Journal Entries Report**

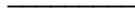
Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 1			
To reclassify the replacement fund balance as of December 31, 2020 from the operating fund.			
5610	Deposit by Owner	56,689.05	
2723	Replacement Fund Balance (Created by S&C)		56,689.05
Total		<u>56,689.05</u>	<u>56,689.05</u>
Adjusting Journal Entries JE # 2			
To reclassify 2021 reserve assessments revenue from balance sheet accounts for modified cash basis reporting.			
2603	Distribution to Reserve Account	38,225.26	
3110	Reserve Assessments Transfer	38,225.26	
3111	Reserve Assessments		38,225.26
4808	Transfer HOA Dues to Reserve Account		38,225.26
Total		<u>76,450.52</u>	<u>76,450.52</u>
Adjusting Journal Entries JE # 3			
To restate the December 31, 2020 operating fund balance for a 2020 non-refundable deposit previously included as a refundable deposit.			
5413	Refundable Construction Deposit	1,000.00	
5610	Deposit by Owner		1,000.00
Total		<u>1,000.00</u>	<u>1,000.00</u>
	Total Adjusting Journal Entries	<u>134,139.57</u>	<u>134,139.57</u>

Signature: _____ Date: _____
 President/Chair

Signature: _____ Date: _____
 Treasurer

Signature: _____ Date: _____
 Managing Agent

BELLA VISTA HOMES HOMEOWNER'S ASSOCIATION



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2021

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Bella Vista Homes Homeowner's Association

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Bella Vista Homes Homeowner's Association
Medford, Oregon

We have reviewed the accompanying financial statements of Bella Vista Homes Homeowner's Association, which comprise the balance sheet – modified cash basis as of December 31, 2021, and the related statements of revenues and expenses – modified cash basis and changes in fund balance – modified cash basis 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 the modified cash basis of accounting; this includes determining that the modified cash basis of accounting the Association uses is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Bella Vista Homes Homeowner's Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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 accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information about future major repairs and replacements of common property on pages 8 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information, and we do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

Milwaukie, Oregon
[Date Client Representation Letter is signed]

Bella Vista Homes Homeowner's Association
Balance Sheet - Modified Cash Basis
December 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash held with management	\$ 86,691	\$ 94,914	\$ 181,605
	<u>86,691</u>	<u>94,914</u>	<u>181,605</u>
LIABILITIES AND FUND BALANCE			
Refundable construction deposits	\$ 55,250	\$ -	\$ 55,250
Fund balance	<u>31,441</u>	<u>94,914</u>	<u>126,355</u>
Total liabilities and fund balance	<u>\$ 86,691</u>	<u>\$ 94,914</u>	<u>\$ 181,605</u>

See accompanying notes and independent accountant's review report.

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Bella Vista Homes Homeowner's Association
Statement of Revenues and Expenses - Modified Cash Basis
For the Year Ended December 31, 2021

	Operating Fund	Replacement Fund	Total
REVENUES			
Regular assessments	\$ 72,230	\$ 38,225	\$ 110,455
Late fees	450	-	450
Architectural review fees	6,175	-	6,175
Total revenues	<u>78,855</u>	<u>38,225</u>	<u>117,080</u>
EXPENSES			
Property maintenance	3,990	-	3,990
Utilities	9,206	-	9,206
Landscaping	66,011	-	66,011
Insurance	1,567	-	1,567
Management fees	12,000	-	12,000
Professional fees	1,925	-	1,925
Office expense	265	-	265
Total expenses	<u>94,964</u>	<u>-</u>	<u>94,964</u>
Excess of revenues over (under) expenses	<u>\$ (16,109)</u>	<u>\$ 38,225</u>	<u>\$ 22,116</u>

See accompanying notes and independent accountant's review report.

Bella Vista Homes Homeowner's Association
Statement of Changes in Fund Balance - Modified Cash Basis
For the Year Ended December 31, 2021

	Operating Fund	Replacement Fund	Total
Fund balance, as of December 31, 2020	\$ 46,550	\$ 56,689	\$ 103,239
Excess of revenues over (under) expenses	(16,109)	38,225	22,116
Initial working capital contributions	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Fund balance, as of December 31, 2021	<u>\$ 31,441</u>	<u>\$ 94,914</u>	<u>\$ 126,355</u>

See accompanying notes and independent accountant's review report.

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Bella Vista Homes Homeowner's Association
Notes to Financial Statements
December 31, 2021

Note 1 - Nature of Organization

Bella Vista Homes Homeowner's Association ("The Association") was organized on February 23, 2007 under the provisions of the Oregon Planned Community Act and Oregon Non-Profit Corporation Law. The Association is responsible for the operation and maintenance of the common property within the development including, but not limited to a lot gifted to the Association by the Declarant in 2021 and other items detailed in the supplementary information. Common areas are restricted to use by the Association members, their tenants, and guests. The development consists of 107 residential units located in Medford, Oregon.

Note 2 - Summary of Significant Accounting Policies

Accounting Method

The Association prepares its year-end financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The basis of presentation differs from GAAP in that revenues are recognized when received and expenses are recognized when cash is disbursed rather than when the obligation is incurred, except for cash receivable from the community management company and refundable construction deposits.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

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. The Association's policy is to place liens on the properties of homeowners whose assessments are 90 days or more delinquent, and to turn over delinquent accounts to the collection attorney if the delinquent balance is in excess of \$500 for more than two years. Any excess assessments at year-end are retained by the Association for use in future years.

Refundable Construction Deposits

The builder, contractor or design professional is required to submit a construction deposit prior to beginning work at the project site. The construction deposit shall be in addition to the application fee required by the Design Guidelines (Note 6). The construction deposit, in whole or in part, at the discretion of the Architectural Control Committee (ACC) shall be forfeited if the ACC finds that the builder, contractor, or design professional has violated any provision of the Design Guidelines or the Association's governing documents and refuses to remedy the situation within 30 days of notification. A \$1,000 non-refundable application fee and \$3,250 refundable construction deposit are due at the time of application submittal. The Association is reporting \$55,250 of refundable construction deposits from 17 owners at December 31, 2021.

Note 3 - Income Taxes

Homeowner associations may be taxed either as homeowner associations or as nonexempt membership organizations. For the year ended December 31, 2021, the Association elected to be taxed as a homeowner association. Under that election, the Association generally is taxed only on non-exempt income, such as interest earnings, at applicable federal and state tax rates. The Association files returns in the U.S. federal jurisdiction as well as the state of Oregon jurisdiction. Tax filings are generally subject to federal and state examination for three years after they are filed.

Bella Vista Homes Homeowner's Association
Notes to Financial Statements - Continued
December 31, 2021

Note 4 - Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregated \$94,914 at December 31, 2021, are generally not available for operating purposes. The Oregon Planned Community Act restricts the permanent transfer of funds from the replacement fund.

The Association engaged a consultant who conducted a study dated in July 2022 to estimate the remaining useful lives and the replacement costs of the common property components. The excerpt included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on the study.

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures, investment income and provision for income taxes, however, 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 future needs. If additional funds are needed, however, the Association has the right, subject to member approval if in excess of 5% of the budgeted expenses, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 5 - Cash Held with Management

As of December 31, 2021, operating fund cash of \$86,691 and replacement fund cash of \$94,914 was held in client trust accounts with the Association's management company, which were combined with several other organizations' cash balances. During 2022, all funds of the Association were transferred to new bank accounts in the name of the Association.

Note 6 - Architectural Review Fees

The ACC was established to implement and administer the Association's Design Guidelines. For new residential construction, a \$4,250 payment is required and includes a \$3,250 refundable construction deposit and \$1,000 for a non-refundable application fee for ACC review, of which the Association pays \$350 to its community management company. For expedited review, an additional \$500 is charged and the community management company is paid \$175. For the year ended December 31, 2021, the Association is reporting ACC review fees of \$9,500 less management fees of \$3,325.

Note 7 - Initial Working Capital Contributions

In accordance with the Association's governing documents, the Association collects working capital contributions of \$200 on the initial sale of each unit. Working capital contributions are deposited into the Association's operating fund.

Note 8 - Declarant Activity

Declarant Owned Units

As of December 31, 2021, the Declarant owned 7 lots. The Declarant gifted one lot to the Association in 2021.

2021 Billed Assessments

For the year ended December 31, 2021, the Declarant was billed \$12,712 for assessments.

Deferred Reserve Assessments Payments

As of December 31, 2021, payment of \$11,001 of reserve assessments charged to the Declarant was deferred to be paid at the closing of sales of units owned by the Declarant.

Declarant Control

As of December 31, 2021, the Declarant was in control of the Association.

Bella Vista Homes Homeowner's Association
Notes to Financial Statements - Continued
December 31, 2021

Note 9 - Community Management

The Association employs a community manager to perform accounting and community management functions. The Association also employs the community manager to perform certain maintenance and repair work relating to the Association's common elements.

Note 10 - Date of Board of Directors' Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through [Date Client Representation Letter is signed], the date the financial statements were available to be issued.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

Bella Vista Homes Homeowner's Association
Supplementary Information on Future Major Repairs
And Replacements (Compiled)
December 31, 2021

The Association engaged a consultant who conducted a full on-site reserve dated in July 2022 to estimate the remaining useful lives and the replacement costs of the components of common property. The consultant obtains estimates as applicable from original plans and specifications, original builders and developers, contractors and vendors, industry professionals, board members, general Association members, managers and various cost estimating services. Replacement costs were based on the estimated costs to repair or replace the common property components on the date of the study assuming an annual inflation rate of 2% and a rate of return on investments of 0% with a provision for income taxes of 30%. The study used the full-funding method.

The attached excerpt on page 9 includes significant information about the components of common property. The reserve study should be read in its entirety.

Replacement Funding Summary for the Year Ended December 31, 2021:

Current year's assessments	
Reserve assessments	\$ 17,064
Declarant deferred reserve assessments paid	21,161
Less: Amount recommended by reserve study	<u>(17,064)</u>
Difference	\$ <u>21,161</u>
Replacement fund balance at end of year	\$ <u>94,914</u>

Item Description	Useful Life	Life Left	Year Replace	Future Replacement Cost	Ideal Balance	Actual Balance
Concrete Safety Repair	10	10	2032	\$ 3,047	\$ 305	\$ 305
Fence-Chain Link	35	25	2047	\$ 241,989	\$ 76,054	\$ -
Landscape Irrigation Valves	50	50	2072	\$ -	\$ -	\$ -
Landscape Renovation	10	10	2032	\$ 12,190	\$ 1,219	\$ 1,219
Landscape-Irrigation	30	30	2052	\$ -	\$ -	\$ -
Landscape-Irrigation Controllers	50	49	2071	\$ -	\$ -	\$ -
Lights-Exterior-Street-Parking(Head Only)	25	9	2031	\$ 6,214	\$ 4,226	\$ 4,226
Lights-Exterior-Water Feature	50	48	2070	\$ -	\$ -	\$ -
Mailbox-Cluster	30	14	2036	\$ 19,581	\$ 11,096	\$ 11,096
Paving-Asphalt- Crackseal, Sealcoat-Path	5	2	2024	\$ 624	\$ 499	\$ 499
Paving-Asphalt-Overlay	30	20	2042	\$ 265,699	\$ 97,423	\$ 72,338
Paving-Asphalt-Overlay-Path	30	20	2042	\$ 6,687	\$ 2,452	\$ 2,452
Paving-Asphalt-Repair, Crackseal, Sealcoat	5	2	2024	\$ 24,804	\$ 19,843	\$ 19,843
Storm Drain- Maintenance	50	50	2072	\$ -	\$ -	\$ -
Water Feature - Motor	50	47	2069	\$ -	\$ -	\$ -
Water Feature - Pumps	50	49	2071	\$ -	\$ -	\$ -
				\$ 580,836	\$ 213,117	\$ 111,978

Investment Rate	0.00%	Contingency	\$ -	\$ -
Tax Rate	30.00%	Total	\$ 213,117	\$ 111,978
Inflation Rate	2.00%			
Contingency Rate	0.00%			

BVH HOA Directors' Meeting

October 5, 2023

Meeting Agenda

Board of Directors:

President: Aaron Fedora
Secretary: Josh Lommer
Treasurer: Wes Bews

Community Manager:

Quality Property Management, Robert Rood

Meeting Agenda

1. Call to Order A. Fedora
2. Approval of Agenda A. Fedora
3. Approval of minutes of prior board meeting A. Fedora
4. Review of Association's Financial Position (*Bylaws, section 3.17(e)(iii)*) R. Rood
 - a. Review of 2021 Draft Financial Statements
 - b. Review of 2022 Draft Financial Statements
5. Adoption of the 2024 Reserve Study & Maintenance Plan (*C, C & Rs, section 5.12*) A. Fedora
6. Adoption of the 2024 Budget (*C, C & Rs, section 5.11*) A. Fedora
7. Adoption of the 2024 Regular Assessments A. Fedora
8. Investment of reserve funds A. Fedora
9. Report of Members Delinquent in Assessment Payments (*Bylaws, section 3.17(e)(iii)(F)*) R. Rood
10. Other Business
 - a. Open Discussion / Questions from Members All
11. Set Date for Next Meeting and Adjournment A. Fedora