

RUSTIC RIDGE HOMEOWNER'S ASSOCIATION  
FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2018 THROUGH 2011



THOMAS F. MORRIS, CPA • ROBERT W. PARIS, JR., CPA • ANTHONY LAMIA, JR., CPA  
BRAD K. STANDER, CPA

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
Rustic Ridge Homeowner's Association:

We have reviewed the accompanying statements of cash receipts and disbursements of Rustic Ridge Homeowner's Association (an unincorporated association) as of December 31, 2018 through 2011, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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 the financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting 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 cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying statements of cash receipts and disbursements in order for it to be in conformity with the cash basis of accounting.

### **Basis of Accounting**

We draw attention to Note 1(C) of the financial statements, which describes the basis of accounting. The financial statements have been prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Morris, Paris & Associates*

Pittsburgh, Pennsylvania  
March 22, 2019

Morris, Paris & Associates  
Certified Public Accountants

3417 UNIVERSAL ROAD, PITTSBURGH, PA 15235 412.795.6610(T) 412.795.3209(F)

WWW.MPA-CPAS.COM



**RUSTIC RIDGE HOMEOWNER'S ASSOCIATION**  
**STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS**  
**AS OF DECEMBER 31,**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b>CASH RECEIPTS</b>								
Assessments	\$ 25,649	\$ 7,125	\$ 10,070	\$ 16,055	\$ 15,403	\$ 19,853	\$ 23,335	\$ 18,871
Late Fees	220	20	-	-	-	-	185	223
Miscellaneous	-	-	70	10	30	30	30	83
<b>TOTAL CASH RECEIPTS</b>	<u>\$ 25,869</u>	<u>\$ 7,145</u>	<u>\$ 10,140</u>	<u>\$ 16,065</u>	<u>\$ 15,433</u>	<u>\$ 19,883</u>	<u>\$ 23,550</u>	<u>\$ 19,177</u>
<b>CASH DISBURSEMENTS</b>								
Accounting	-	-	-	-	-	2,000	-	-
Bank Fees	15	-	-	-	-	-	-	-
Improvements to Grounds	205	-	-	-	-	720	6,068	10,751
Insurance	2,983	-	3,141	3,141	3,147	4,222	4,209	4,001
Landscaping and Maintenance	2,553	12,430	14,675	11,097	10,476	10,822	9,518	8,533
Legal Fees	-	-	-	-	-	410	-	-
Miscellaneous	-	124	125	-	-	172	20	10
Office	510	-	-	-	-	-	133	68
Postage	-	-	-	-	-	46	324	312
Post Office Box	74	96	70	72	89	64	94	62
Utilities	98	-	187	187	118	87	99	112
<b>TOTAL CASH DISBURSEMENTS</b>	<u>6,438</u>	<u>12,650</u>	<u>18,198</u>	<u>14,497</u>	<u>13,830</u>	<u>18,543</u>	<u>20,465</u>	<u>23,849</u>
<b>INCREASE/(DECREASE) IN CASH</b>	19,431	(5,505)	(8,058)	1,568	1,603	1,340	3,085	(4,672)
<b>BEGINNING CASH</b>	<u>1,530</u>	<u>7,035</u>	<u>15,093</u>	<u>13,525</u>	<u>11,922</u>	<u>10,582</u>	<u>7,497</u>	<u>12,169</u>
<b>ENDING CASH</b>	<u>\$ 20,961</u>	<u>\$ 1,530</u>	<u>\$ 7,035</u>	<u>\$ 15,093</u>	<u>\$ 13,525</u>	<u>\$ 11,922</u>	<u>\$ 10,582</u>	<u>\$ 7,497</u>

***See Accompanying Notes and Independent Accountant's Review Report***

**RUSTIC RIDGE HOMEOWNER'S ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018 THROUGH 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. This summary of significant accounting policies of Rustic Ridge Homeowner's Association (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements.
- B. The Organization is an Unincorporated Association with the purpose to maintain, regulate and administer all landscaping of all entrance ways and common areas of the Rustic Ridge Plan.
- C. The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized in the financial statement. The cash basis differs from accounting principles generally accepted in the United States of America primarily because the effects of outstanding dues and payables at the date of the financial statement are not included in the financial statement. The Organization does maintain separate records in accordance with accounting principles generally accepted in the United States of America, but chose to present the accompanying financial statements for its members.
- D. Management has evaluated subsequent events through March 22, 2019 the date the financial statements were available to be issued.

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

The Organization's cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018 through 2011, the Organization did not have uninsured cash balances.

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**NOTE 3 – INCOME TAXES**

The Association is required to file its income tax return as a homeowner's association in accordance with Internal Revenue Code Section 528 using Form 1120-H. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association could be taxed on any nonexempt function income, which includes interest income.

**NOTE 4 – UNCERTAIN TAX POSITIONS**

The Association's federal income tax return for 2018 is subject to examination by the IRS, generally for three years after it was filed. The Association's tax returns had previously not been filed since 2011. Since the Association did not file returns, there is some uncertainty in how the IRS would enforce the tax law for non-filed tax returns. There is a possibility that the Association would be required to file Form 1120, Corporation Income Tax Return for those years and pay tax on all income.