

WELLINGTON GREENS HOMES
ASSOCIATION, INC.

FINANCIAL STATEMENTS AND INDEPENDENT
ACCOUNTANTS' COMPILATION REPORT

SEPTEMBER 30, 2022 AND 2021



Grafton & Associates^{p.c.}
CERTIFIED PUBLIC ACCOUNTANTS

WELLINGTON GREENS HOMES
ASSOCIATION, INC.

September 30, 2022 and 2021

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
Wellington Greens Homes Association, Inc.
Lincoln, Nebraska

Management is responsible for the accompanying financial statements of Wellington Greens Homes Association, Inc. (a Nebraska Homeowners Association) which comprise the statements of assets, liabilities, and member equity as of September 30, 2022, and the related statements of revenues and expenses, changes in members' equity, and cash flows for the years 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 2022 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.

The financial statements of Wellington Greens Homes Association, Inc. as of September 30, 2021, were subjected to a compilation engagement by other accountants whose report dated October 19, 2021 stated that they have not audited or reviewed the 2021 financial statements and do not express an opinion, a conclusion, nor provide any assurance on those financial statements.

Grafton & Associates, P.C.

October 31, 2022

WELLINGTON GREENS HOMES ASSOCIATION, INC.

STATEMENTS OF ASSETS, LIABILITIES AND MEMBER EQUITY

September 30,

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 164,839	\$ 115,224
Receivables		
Member assessments receivable	17,752	16,968
Less: reserve for bad debts	<u>(4,396)</u>	<u>(4,396)</u>
Total current assets	178,195	127,796
LONG TERM ASSETS		
Property and equipment, net of accumulated depreciation	<u>372,042</u>	<u>398,022</u>
Total long term assets	372,042	398,022
Total assets	<u>\$ 550,237</u>	<u>\$ 525,818</u>

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 23,447	\$ 20,285
Accrued expenses	2,951	6,455
Deferred revenue	23,733	17,453
Current portion - note payable	<u>19,688</u>	<u>18,907</u>
Total current liabilities	69,819	63,100
LONG-TERM DEBT		
Note payable	52,851	72,516
MEMBERS' EQUITY		
Members' Equity	<u>427,567</u>	<u>390,202</u>
Total member equity	<u>427,567</u>	<u>390,202</u>
Total liabilities and member equity	<u>\$ 550,237</u>	<u>\$ 525,818</u>

See accompanying notes to financial statements and independent accountants' compilation report.

WELLINGTON GREENS HOMES ASSOCIATION, INC.

STATEMENTS OF REVENUE AND EXPENSES

For the years ended September 30,

	ASSETS	
	2022	2021
REVENUE		
Assessments	\$ 583,056	\$ 534,128
Green fees	52,251	51,605
Recycling/Advertising	2,241	2,596
Club house rentals	<u>1,335</u>	<u>831</u>
Total revenue	638,883	589,160
EXPENSES		
Wages	198,265	194,495
Water	119,124	105,975
Landscaping/Concrete repair	39,615	155,157
Depreciation	38,123	32,207
Fertilizer, seed and chemicals	32,151	29,802
Repairs and maintenance - Common Area	30,397	40,017
Insurance - Business	23,943	21,191
Payroll taxes	21,868	15,274
Utilities	15,830	15,897
Management and computer services	12,775	14,910
Office supplies and expense	12,686	7,757
Employee benefits and development	10,902	8,508
Equipment fuel	9,668	8,476
Insurance - Health	8,726	7,163
Administrative services	8,450	9,075
Equipment repairs	7,613	12,465
Professional services	5,375	5,050
Small equipment and supplies	2,178	2,423
Telephone	1,476	1,076
Repairs and maintenance - Clubhouse and other	859	3,841
Other taxes	745	1,333
Website development/maintenance	<u>100</u>	<u>100</u>
Total expenses	<u>600,869</u>	<u>692,192</u>
Revenue in excess (deficit) of expenses	\$ 38,014	\$ (103,032)
OTHER INCOME (EXPENSE)		
Interest income	\$ 33	\$ -
Gain on sale	2,700	-
Interest expense	<u>(3,382)</u>	<u>(2,037)</u>
Revenue in excess (deficit) of expenses	<u>\$ 37,365</u>	<u>\$ (105,069)</u>

See accompanying notes to financial statements and independent accountants' compilation report.

WELLINGTON GREENS HOMES ASSOCIATION, INC.

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

For the years ended September 30,

	<u>2022</u>	<u>2021</u>
Members' equity, beginning of year	\$ 390,202	\$ 495,271
Revenue in excess (deficit) of expenses	<u>37,365</u>	<u>(105,069)</u>
Member's equity, end of year	<u>\$ 427,567</u>	<u>\$ 390,202</u>

See accompanying notes to financial statements and independent accountants' compilation report.

WELLINGTON GREENS HOMES ASSOCIATION, INC.

STATEMENTS OF CASH FLOWS

For the years ended September 30,

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue in excess (deficit) of expenses	\$ 37,365	\$ (105,069)
Adjustments to reconcile excess (deficit) of revenue over expenses to cash provided (used) by operating activities:		
Depreciation	38,123	32,207
Change in assets and liabilities:		
Receivables	(784)	(1,212)
Accounts payable and accrued expenses	(342)	1,369
Deferred revenue	<u>6,280</u>	<u>(321)</u>
Net cash flows provided (used) by operating activities	<u>80,642</u>	<u>(73,026)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	91,423
Payments on note payable	<u>(18,884)</u>	<u>-</u>
Net cash flows (used) provided by financing activities	<u>(18,884)</u>	<u>91,423</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds on disposals of property and equipment	2,700	-
Additions to property and equipment	<u>(14,843)</u>	<u>(62,730)</u>
Net cash flows used by investing activities	<u>(12,143)</u>	<u>(62,730)</u>
Increase (decrease) in cash and cash equivalents	49,615	(44,333)
Cash and cash equivalents, beginning of year	<u>115,224</u>	<u>159,557</u>
Cash and cash equivalents, end of year	<u>\$ 164,839</u>	<u>\$ 115,224</u>
Other information:		
Interest paid	<u>3,382</u>	<u>2,037</u>
Income taxes paid	<u>-</u>	<u>-</u>

See accompanying notes to financial statements and independent accountants' compilation report.

WELLINGTON GREENS HOMES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Wellington Greens Homes Association, Inc. (the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

1. Association Activities

Wellington Greens Homes Association, Inc. (the Association) is organized as a Nebraska not-for-profit corporation for the purposes of maintaining and preserving common property of the Association. The Association consists of 277 residential units and began its operations in March 1967. Revenue is essentially limited to assessments made to the units.

2. Basis of Accounting

The Association's policy is to prepare its financial statements on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

3. Basis of Presentation

The Association is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. The Association had only net assets without donor restrictions in 2022 and 2021.

4. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

5. Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation which is computed using a combination of accelerated and straight-line methods over the estimated useful lives of the assets.

The Association holds title to certain lots designated as "Common Area." The Association has all normal ownership rights to the "Common Area" except the right to sell, but may transfer it to the City of Lincoln. No value is shown for this property in the accompanying balance sheet.

See independent accountants' compilation report.

WELLINGTON GREENS HOMES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2022 and 2021

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment is composed of the following as of September 30,:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 375,220	\$ 375,220
Maintenance equipment	376,752	365,257
Vehicles	52,980	52,980
Furniture and fixtures	<u>5,482</u>	<u>4,834</u>
Less: accumulated depreciation	<u>(438,392)</u>	<u>(400,269)</u>
	<u>\$ 372,042</u>	<u>\$ 398,022</u>

NOTE C - LONG-TERM DEBT

On March 23, 2021, the Association obtained a loan from Pinnacle Bank in the amount of \$100,519 in connection with the concrete repair work. As of September 30, 2022 and 2021, the loan balance is \$72,539 and \$91,423, respectively. The loan has 54 scheduled payments of \$1,855 including 4.0% interest and is collateralized by buildings and equipment with a net book value of \$372,042 and \$398,022 as of September 30, 2022 and 2021, respectively.

The loan is reflected on the statements of assets, liabilities and member equity as follows:

	<u>2022</u>	<u>2021</u>
Note payable	\$ 72,539	\$ 91,423
Less: current maturities	<u>(19,688)</u>	<u>(18,907)</u>
Long-term debt	<u>\$ 52,851</u>	<u>\$ 72,516</u>

The yearly principal payments of long-term debt are due as follows:

<u>Year ending September 30,</u>	
2022	\$ 19,688
2023	20,496
2024	21,348
2025	11,007
2026	-
Thereafter	<u>-</u>
	<u>\$ 72,539</u>

See independent accountants' compilation report.

WELLINGTON GREENS HOMES ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS – Continued

September 30, 2022 and 2021

NOTE D – INCOME TAXES

The Association has elected to file as a homeowners' association in accordance with Internal Revenue Service Code Section 528. Under that section, the Association excludes exempt function income from taxation, which generally consists of revenue from uniform assessments to owners.

The Association's interest income and other nonexempt income are subject to tax, should allowable expenses not exceed this income. The Association files tax returns in the U.S. Federal jurisdiction and the Nebraska jurisdiction. The Association is no longer subject to U.S. Federal, state, and local examinations by tax authorities for the years before 2019.

NOTE E – SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 31, 2022, the date the financial statements were available to be issued. No events or transactions were noted to that date which requires further disclosure.

See independent accountants' compilation report.