

BRETT CHAIREZ, CPA

33N Healdsburg Avenue

Healdsburg, CA 95448

March 23, 2017

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

c/o Wayne Lee, CitiScape Property Management

3450 Third Street, Suite 1A

San Francisco, CA 94124

Dear Board of Directors:

Thank you for the opportunity to work together during the review of the financial statements and preparation of tax returns for the year ended December 31, 2016.

Enclosed are the draft financial statements, including adjusting and reclassifying journal entries, trial balances by fund, and tax returns. Also included are the federal Form 8879-C, state Forms 8453-C and 8453-EO (for filing tax returns electronically), and the Management Representation Letter to be signed and returned upon Board approval.

Please review each of these documents and, if you have any questions, please don't hesitate to call or email at your convenience. When you have accepted the financial statements and tax returns, please return the signed federal Form 8879-C, state forms 8453-C, 8453-EO, and Management Representation Letter. Once these are received, the final draft of the financial statements will be issued and the tax returns will be filed.

Thank you again for the opportunity to work together this year. If there are any questions, now or throughout the year, please do not hesitate to contact me.

Sincerely,

Brett Chairez

Brett Chairez, CPA

Healdsburg, CA

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS'
ASSOCIATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2016

BRETT CHAIREZ
CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members of
MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

I have reviewed the accompanying financial statements of Museum Parc Residential Condominium Homeowners' Association, which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and changes in fund balance and cash flows 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, I 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 accounting principles generally accepted in the United States of America, which includes 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

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of the procedures provide a reasonable basis for my conclusion.

ACCOUNTANT'S CONCLUSION ON THE FINANCIAL STATEMENTS

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

DISCLAIMER OF OPINION ON REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on Future Major Repairs and Replacements on page 14 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing and

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comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance

Sincerely,

Brett Chairez

Healdsburg, CA

March 22, 2017

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

BALANCE SHEET AS OF DECEMBER 31, 2016

	2016				2015
	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>EARTHQUAKE FUND</u>	<u>TOTAL ALL FUNDS</u>	<u>TOTAL ALL FUNDS</u> <i>(comparative purposes only)</i>
ASSETS					
ASSETS					
Cash and Cash					
Equivalents	\$ 205,036	\$ 327,866	\$ 89	\$ 532,991	\$ 521,874
Investments	100,000	400,000	41,158	541,158	743,764
Assessments Receivable	39,382	-	-	39,382	19,748
Other Member					
Receivables	21,590	13,629	-	35,219	21,970
Allowance for Doubtful					
Accounts	(26,479)	-	-	(26,479)	(26,479)
Prepaid Expenses	7,936	-	-	7,936	4,141
Prepaid Income Tax	-	-	-	-	19
Interfund Balances	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 277,465</u>	<u>\$ 811,495</u>	<u>\$ 41,247</u>	<u>\$ 1,130,207</u>	<u>\$ 1,285,037</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 3,185	\$ -	\$ 3,185	\$ 15,259
Accrued Liabilities	55,682	-	-	55,682	55,716
Assessments Received					
in Advance	47,446	-	-	47,446	30,989
Taxes payable	6,306	-	-	6,306	-
Deferred Comcast					
Revenue	22,523	-	-	22,523	-
Other current liabilities	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>1,600</u>
TOTAL LIABILITIES	141,957	3,185	-	145,142	103,564
FUND BALANCE	<u>135,508</u>	<u>808,310</u>	<u>41,247</u>	<u>985,065</u>	<u>1,181,473</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 277,465</u>	<u>\$ 811,495</u>	<u>\$ 41,247</u>	<u>\$ 1,130,207</u>	<u>\$ 1,285,037</u>

See Accompanying Notes and Independent Auditor's Report

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2016

	2016				2015
	OPERATING FUND	REPLACEMENT FUND	EARTHQUAKE FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS <i>(comparative purposes only)</i>
REVENUES					
Member Assessments	\$ 1,549,112	\$ 262,561	\$ -	\$ 1,811,673	\$ 1,767,235
Interest Income	234	2,969	411	3,614	1,341
Late Fees and Member Charges	24,147	-	-	24,147	16,201
Laundry Income	3,487	-	-	3,487	3,757
Cable Income	6,602	-	-	6,602	-
Miscellaneous Income	-	-	-	-	3
Bad Debt Recovery	-	-	-	-	30,521
Reimbursements	69,470	-	-	69,470	1,392
TOTAL REVENUES	1,653,052	265,530	411	1,918,993	1,820,450
EXPENSES					
General and Administrative Management	120,669	-	-	120,669	117,154
Insurance	324	-	-	324	-
Legal and Professional Fees	12,542	-	-	12,542	15,498
Office Expense	1,603	-	-	1,603	1,061
Printing and Postage	6,313	-	-	6,313	7,795
Tax, Licenses, and Permits	8,237	-	-	8,237	647
Bad Debt	-	-	-	-	3,410
Reserve Contributions	771,803	-	-	771,803	765,100
Other Administrative Expenses	5,215	-	-	5,215	6,948
Total General and Administrative	926,706	-	-	926,706	917,613
Common Area					
Janitorial / Custodial	99,390	-	-	99,390	88,510
Janitorial / Custodial Extras	5,527	-	-	5,527	6,622
Security	5,592	-	-	5,592	2,080
Pest Control	960	-	-	960	1,100
Repairs and Maintenance	36,450	-	-	36,450	39,417

See Accompanying Notes and Independent Auditor's Report

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2016

	2016				2015
	OPERATING FUND	REPLACEMENT FUND	EARTHQUAKE FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS <i>(comparative purposes only)</i>
Fire and Life Safety	115,324	-	-	115,324	73,481
Elevator	10,880	-	-	10,880	22,612
Other Common Area Expenses	8,692	-	-	8,692	14,289
Total Common Area	282,815	-	-	282,815	248,111
Landscape					
Contract	10,500	-	-	10,500	9,552
Irrigation	-	-	-	-	284
Extras	121	-	-	121	7,096
Tree Work	2,028	-	-	2,028	562
Total Landscape	12,649	-	-	12,649	17,494
Payroll					
Wages and Salary	77,060	-	-	77,060	80,338
Payroll Tax	7,646	-	-	7,646	8,007
Employee Benefits	5,993	-	-	5,993	4,124
Uniforms	1,907	-	-	1,907	-
Other Payroll Expenses	12,835	-	-	12,835	13,641
Total Payroll	105,441	-	-	105,441	106,110
Utilities					
Gas	41,247	-	-	41,247	6,527
Water and Sewer	232,214	-	-	232,214	200,661
Telephone	7,646	-	-	7,646	6,777
Total Utilities	281,107	-	-	281,107	213,965
Major Repair and Replacement					
Common Area	-	480,821	-	480,821	38,961
Building Maintenance	-	22,553	-	22,553	39,598
HVAC	-	1,685	-	1,685	10,778
General Expenses	-	1,249	-	1,249	-
Water Intrusion	-	375	-	375	33,193
Total Major Repair and Replacement	-	506,683	-	506,683	122,530
TOTAL EXPENSES	1,608,718	506,683	-	2,115,401	1,625,823

See Accompanying Notes and Independent Auditor's Report

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2016

	2016				2015
	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>EARTHQUAKE FUND</u>	<u>TOTAL ALL FUNDS</u>	<u>TOTAL ALL FUNDS</u> <i>(comparative purposes only)</i>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 44,334	\$ (241,153)	\$ 411	\$ (196,408)	\$ 194,627
FUND BALANCE - BEGINNING	161,174	979,463	40,836	1,181,473	986,846
PERMANENT TRANSFER	<u>(70,000)</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 135,508</u></u>	<u><u>\$ 808,310</u></u>	<u><u>\$ 41,247</u></u>	<u><u>\$ 985,065</u></u>	<u><u>\$ 1,181,473</u></u>

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016				2015
	OPERATING FUND	REPLACEMENT FUND	EARTHQUAKE FUND	TOTAL ALL FUNDS	TOTAL ALL FUNDS <i>(comparative purposes only)</i>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 44,334	\$ (241,153)	\$ 411	\$ (196,408)	\$ 194,627
Permanent Transfer	(70,000)	70,000	-	-	-
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:					
(Increase) Decrease in					
Assets:					
Assessments Receivable	(19,634)	-	-	(19,634)	26,816
Other Member					
Receivables	(6,597)	(6,652)	-	(13,249)	62,741
Accounts Receivable	-	-	-	-	11,500
Allowance for Doubtful					
Accounts	-	-	-	-	(30,521)
Prepaid Expenses	(3,795)	-	-	(3,795)	940
Prepaid Income Tax	19	-	-	19	53
Increase (Decrease) in					
Liabilities:					
Accounts Payable	(15,259)	3,185	-	(12,074)	457
Accrued Liabilities	13,742	(13,776)	-	(34)	12,767
Assessments Received					
in Advance	16,457	-	-	16,457	(10,267)
Taxes payable	6,306	-	-	6,306	-
Deferred Comcast					
Revenue	22,523	-	-	22,523	-
Other current liabilities	8,400	-	-	8,400	1,600
Net Cash Provided (Used) by Operating Activities	(3,504)	(188,396)	411	(191,489)	270,713
Cash flows from Investing Activities:					
Investments	-	203,017	(411)	202,606	-
Net Cash Provided (Used) by Investing Activities	-	203,017	(411)	202,606	-
Cash flows from Financing Activities:					

See Accompanying Notes and Independent Auditor's Report

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016				2015
	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>EARTHQUAKE FUND</u>	<u>TOTAL ALL FUNDS</u>	<u>TOTAL ALL FUNDS</u> <i>(comparative purposes only)</i>
Interfund Balances	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>70,000</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	\$ 66,496	\$ (55,379)	\$ -	\$ 11,117	\$ 270,713
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	<u>138,540</u>	<u>383,245</u>	<u>89</u>	<u>521,874</u>	<u>251,161</u>
CASH AND CASH EQUIVALENT AT END OF YEAR	<u><u>\$ 205,036</u></u>	<u><u>\$ 327,866</u></u>	<u><u>\$ 89</u></u>	<u><u>\$ 532,991</u></u>	<u><u>\$ 521,874</u></u>
SUPPLEMENTAL DISCLOSURE					
Interest Paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Income Taxes Paid	<u><u>\$ 102</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 102</u></u>	<u><u>\$ 45</u></u>

See Accompanying Notes and Independent Auditor's Report

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 1 - NATURE OF ORGANIZATION

Museum Parc Residential Condominium Homeowners' Association (the Association) is located in San Francisco, California and was organized on November 2, 1989 as a California Nonprofit Corporation. The Association is responsible for the operation and maintenance of the common area property as defined in the Association's governing documents.

The Association derives its authority and responsibility from its governing documents (Articles of Incorporation, By-Laws and CC&Rs). It has the power to fix, levy, collect, and enforce payment of association assessment that it considers necessary to effectively conduct the business of the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) YEAR END

The Association has adopted a December 31 year-end.

B) PERVASIVENESS OF ESTIMATES

The preparation of financial statement in conformity with generally accepted accounting principles required the Association to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C) METHOD OF ACCOUNTING

The financial statements presented in this report have been prepared on the accrual method of accounting, recognizing revenue when earned and expenses when incurred, in accordance with generally accepted accounting principles.

D) FUND ACCOUNTING

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

Earthquake Fund: This fund was established, effective January 1, 2009, to accumulate financial resources for any repair of damages sustained during the event of an earthquake.

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

Under California Civil Code §5510(b), "[t]he board of directors shall not expend funds designated as reserve [replacement] funds for any purpose other than the repair, restoration, replacement or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the association is obligated to repair, restore, replace, or maintain and for which the reserve [replacement] fund was established."

Interfund Balances

These balances generally arise when cumulatively through the balance sheet date one fund pays expenses of another and is not reimbursed, does not remit revenues as required, or has otherwise borrowed from the other fund.

Interfund Permanent Transfers

The Board of Directors, at an open meeting, may resolve to make a permanent transfer between funds.

E) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include not only currency on hand, but also demand deposits with banks or other financial institutions. It also includes other types of accounts that have the general characteristics of demand deposit in that the customer may deposit or withdraw funds at any time without prior notice or penalty, provided their original maturity is three months or less.

F) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable and accounts payable approximate their fair market value due to the short term maturities of these instruments.

G) COMMON PROPERTY

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements, in accordance with prevalent industry practice.

H) SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by fund. This information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information is identified as "*comparative purposes only*", and should be read in conjunction with the Association's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

I) 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. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

assessments at year-end are retained by the Association for use in future years.

The average monthly assessments for the year ended December 31, 2016 are as follows.

	2016		
	Operating	Replacement	Total
Average Monthly Assessments	\$ 554	\$ 94	\$ 648

J) INTEREST INCOME

Interest income is allocated to the operating and replacement funds based on the interest-bearing deposits held in each account at their respective financial institutions.

K) DEBT SECURITIES, HELD TO MATURITY

Debt securities held to maturity are those investments that the Association has both the positive intent and ability to hold to maturity. These investments are recorded at their amortized cost. The aggregate fair value of debt securities, held to maturity are \$541,158 at December 31, 2016.

NOTE 3 - INCOME TAX

For federal purposes, a homeowners' association may elect to be taxed under Internal Revenue Code (IRC) §528 as a homeowner's association or under IRC §277 as a regular corporation. The federal election is made annually by filing the appropriate income tax return with the Internal Revenue Service (IRS) Form 1120-H for homeowners' associations or Form 1120 for regular corporations.

For the year ended December 31, 2016, the Association elected to be taxed as a regular corporation by filing federal Form 1120. Under that election, the Association is taxed at the corporate tax rates on its nonexempt function income (income other than membership dues, fees, or assessments), less directly related expenses. Membership income in excess of membership expenses may be taxed unless the members elect to carryover the excess to the following year.

A majority of the membership made the carryover election, which was to apply any excess of membership income over membership expenses used for the operation of the Association against the following year's assessments as provided for by the guidelines established by the IRS Revenue Ruling 70-604.

For state purposes, the Association received a Determination of Exemption from the California Franchise Tax Board (FTB) under California Revenue & Tax Code §23701(t). Under that exemption, the Association is taxed at the corporate rate of 8.84% on its nonexempt function income (income other than membership dues, fees, or assessments), less directly related expenses and a specific deduction of \$100. The Association is also required to file CA Form 199 and pay a \$10 filing fee if gross receipts exceed \$50,000.

As of December 31, 2016, tax years subject to examination by taxing authorities begin with 2012. The federal return is subject to examination by the tax authority for three (3) years, and the state returns for four (4) years, following the due date of the return or the date filed, if later. For both federal and state purposes, contribution to

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

capital (i.e., funds accumulated for future major repairs and replacements) held in separate accounts are not taxable under IRC §118.

The income tax and related taxes payable for the year ended December 31, 2016 is as follows:

	2016		
	Federal	State	Total
Provision for Income Taxes	\$ 3,597	\$ 2,830	\$ 6,427
Overpayments from Prior Year	-	(19)	(19)
Estimated Tax Payments	-	(102)	(102)
Income Taxes Payable (Prepaid)	<u>\$ 3,597</u>	<u>\$ 2,709</u>	<u>\$ 6,306</u>

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 (cash and cash equivalents, mutual funds, and debt securities, held to maturity, less payables and accrued expenses) that aggregate \$727,866 at December 31, 2016, are held in separate accounts and generally are not available for operating purposes.

California Civil Code §5500 requires that "[a]t least once every three years the board of directors shall cause to be conducted a ... visual inspection of the ... major components [of] the [A]ssociation.... The board shall review this study annually and shall consider and implement necessary adjustments to the board's analysis of the reserve account requirements as a result of that review."

In accordance with the California Civil Code, the board of directors hired Association Reserves - SF, LLC (an independent professional) to conduct a study, without site visit, which was completed in July 2015 for 2016 and beyond, to estimate the remaining useful lives and the replacement costs of the components of common property, and to estimate the assessment necessary to defray the cost of future major repairs and replacements. The board will review this study annually. The estimates were based on current estimated replacement costs. Funding requirements consider an annual inflation rate of 3.0% and interest of 1.0%, on amounts funded for future major repairs and replacements.

The table included on page 14 in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on the current study.

In accordance with the Association's governing documents, the board is funding for major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs and for the estimated repair costs of the components and considering amounts previously accumulated in the replacement fund. However, actual expenditures as well as investment income 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, however, the Association has the right to increase regular replacement fund assessments or levy special assessments for major repairs and replacements or delay major repairs and replacements until funds are available.

For the year ending December 31, 2017, the Association's board of directors hired Association Reserves - SF, LLC (an independent professional) to conduct an update, without site visit, which was completed in August 2016, to

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated current costs to repair or replace the common property components at the date of the study.

NOTE 5 - SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Update 2010-09, Subsequent Events (Topic 855), the Association has evaluated subsequent events through March 22, 2017, the date these financial statements were available to be issued. All subsequent events requiring recognition as of the end of the year under examination have been incorporated into these financial statements.

NOTE 6 - CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances at various banks, located in California. Accounts at each institution are secured by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000. As of December 31, 2016, the Association holds \$282,902 in excess of the FDIC coverage at Union Bank.

NOTE 7 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Allowance for Doubtful Accounts is based on assessments that are in the process of foreclosure, a lien filed, or where management has determined timely collection is impaired. The assessments are approximately \$26,479 as of December 31, 2016.

NOTE 8 - DEFERRED REVENUE

In November 2015, the Association executed a five (5) year services agreement with Comcast of California III, Inc. The agreement allows the service provider access to the property to address technical issues as necessary. The agreement will automatically renew for successive periods of one (1) year, unless terminated by either party with a minimum of 60 days notice. For the aforementioned easement rights, the service provider has paid the Association a "Per Unit Compensation" fee of \$29,125 that has been recorded as deferred revenue. The "Per Unit Compensation" received is subject to refund upon termination for the uncured default of the Association, and will therefore, be amortized to income over the life of the services agreement. The deferred revenue balance is \$22,523 as of December 31, 2016.

**MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS'
ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

MUSEUM PARC RESIDENTIAL CONDOMINIUM HOMEOWNERS' ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS [UNAUDITED] FOR THE YEAR ENDED DECEMBER 31, 2016

The Association's board of directors hired Association Reserves - SF, LLC (an independent professional) to conduct a reserve study, without site visit, which was completed in July 2015 to estimate the remaining useful lives and the replacement costs of the components of common property and to estimate the assessment necessary to defray the cost of future major repairs and replacements for the year ended December 31, 2016 and beyond. At the time of the study, the estimated percent funded was 61%. Replacement costs were based on the estimated current costs to repair or replace the common property components at the date of the study.

The following information is based on the study and presents significant information in summary form about the components of common property. A detailed list of the components and their estimated remaining useful lives and replacement costs is available from the Association.

<u>Components</u>	Estimated Useful Lives (Years)	Estimated Remaining Lives (Years)	Estimated Current Replacement Cost
Interiors	1 - 40	0 - 14	\$ 864,297
Exteriors	1 - 40	0 - 14	461,215
Interiors - Other	5 - 27	3 - 4	638,636
Total Replacement Fund Current Costs			<u>\$ 1,964,148</u>

Replacement Fund Balance at December 31, 2016	<u>\$ 808,310</u>
Replacement Fund Balance at December 31, 2015	<u>\$ 979,463</u>

Replacement Funding Summary

Annual Assessment	\$ 262,561
Assessment recommended per Reserve Study	<u>279,600</u>
Excess (over assessment recommended per reserve study)	<u>\$ (17,039)</u>

NOTE: If there is a deficiency, the Association may have to increase regular Replacement Fund assessments or levy a Special Assessment

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance - Operating Fund

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB. OF

Account	Prelim	Adj's	Reclass	Rep
11011 OF Union Bank Operating #8131	205,036.00	0.00	0.00	205,036.00
11020 OF UB OP CD Plus 3-mo mature	100,000.00	0.00	0.00	100,000.00
13010 OF Assessments Receivable	39,382.00	0.00	0.00	39,382.00
13065 OF Water Reimbursement Receiv	456.00	0.00	0.00	456.00
14010 OF Allowance for Doubtful Accour	(26,479.00)	0.00	0.00	(26,479.00)
14080 OF Electricity Receivab	7,364.00	0.00	0.00	7,364.00
14090 OF Staff Bonus Receivable	13,770.00	0.00	0.00	13,770.00
15060 OF Prepaid Taxes - Federal	19.00			
A03 Income Tax - To record curren		(19.00)	0.00	
15060 OF Prepaid Taxes - Federal	19.00	(19.00)	0.00	0.00
15125 OF Key Fobs	313.00	0.00	0.00	313.00
15200 OF Parking Validation	4,439.00	0.00	0.00	4,439.00
22127 OF Due To/From Reserve	0.00			
A02 Funds Transfer - To present th		(70,000.00)	0.00	
22127 OF Due To/From Reserve	0.00	(70,000.00)	0.00	(70,000.00)
17000MK1006 OF Water Loss, #822	173.00	0.00	0.00	173.00
17000MK1008 OF Water Loss, #1015	918.00	0.00	0.00	918.00
17000MK1009 OF Water Loss, #923	2,093.00	0.00	0.00	2,093.00
A Assets	347,484.00	(70,019.00)	0.00	277,465.00
14040 OF Due to/from Other	(10,000.00)	0.00	0.00	(10,000.00)
22030 OF Accrued Gas	(2,500.00)	0.00	0.00	(2,500.00)
22050 OF Accrued Water	(36,000.00)	0.00	0.00	(36,000.00)
22070 OF Accrued Telephone	(1,182.00)	0.00	0.00	(1,182.00)
22095 OF Accrued Security	(12,000.00)	0.00	0.00	(12,000.00)
22120 OF Accrue Payroll & Benefits	(4,000.00)	0.00	0.00	(4,000.00)
22160 OF Prepaid Assessments	(47,446.00)	0.00	0.00	(47,446.00)
23000 OF Deferred Comcast Deposit	0.00			
A05 Comcast Deferred Revenue -		(22,523.00)	0.00	
23000 OF Deferred Comcast Deposit	0.00	(22,523.00)	0.00	(22,523.00)
25060 OF Income Tax Payable	0.00			
A03 Income Tax - To record curren		(6,306.00)	0.00	
25060 OF Income Tax Payable	0.00	(6,306.00)	0.00	(6,306.00)
L Liabilities	(113,128.00)	(28,829.00)	0.00	(141,957.00)
30010 OF Operating Fund Equity-Beg Ba	(201,173.00)			
A01 Beginning Balances - To recor		39,999.00	0.00	
30010 OF Operating Fund Equity-Beg Ba	(201,173.00)	39,999.00	0.00	(161,174.00)

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Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance - Operating Fund

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB. OF-1

Account	Prelim	Adj's	Reclass	Rep
30040 OF Prior Year- Add'l Transfer	40,000.00			
A01 Beginning Balances - To recor		(40,000.00)	0.00	
A02 Funds Transfer - To present tr		70,000.00	0.00	
30040 OF Prior Year- Add'l Transfer	40,000.00	30,000.00	0.00	70,000.00
E Fund Balance	(161,173.00)	69,999.00	0.00	(91,174.00)
40010 OF Association Assessments (bill	(1,811,710.00)			
R01 Assessments - REPORT ONL		0.00	262,598.00	
40010 OF Association Assessments (bill	(1,811,710.00)	0.00	262,598.00	(1,549,112.00)
41010 OF Late Fees	(3,189.00)			
A01 Beginning Balances - To recor		1.00	0.00	
R01 Assessments - REPORT ONL		0.00	(37.00)	
41010 OF Late Fees	(3,189.00)	1.00	(37.00)	(3,225.00)
41025 OF Interest - Bank	(38.00)	0.00	0.00	(38.00)
41070 OF Keys / Remotes / Gate Opene	(822.00)	0.00	0.00	(822.00)
41080 OF Move In/Out Fee	(20,100.00)	0.00	0.00	(20,100.00)
42015 OF Interest Income - Operating	(37.00)	0.00	0.00	(37.00)
42020 OF Comcast Income	0.00			
A05 Comcast Deferred Revenue -		(6,602.00)	0.00	
42020 OF Comcast Income	0.00	(6,602.00)	0.00	(6,602.00)
42080 OF Laundry Income	(3,487.00)	0.00	0.00	(3,487.00)
52035 OF Water Reimbursement from M	(33,468.00)	0.00	0.00	(33,468.00)
52036 OF Water Reimbursement - Restr	(3,200.00)	0.00	0.00	(3,200.00)
53075 OF Security Reimbursement from	(32,782.00)	0.00	0.00	(32,782.00)
59999 OF Bill Back Expense	(20.00)	0.00	0.00	(20.00)
80050 OF Other Income #1	(29,125.00)			
A05 Comcast Deferred Revenue -		29,125.00	0.00	
80050 OF Other Income #1	(29,125.00)	29,125.00	0.00	0.00
80100 OF RESERVE INTEREST BANK	(159.00)	0.00	0.00	(159.00)
R Revenue	(1,938,137.00)	22,524.00	262,561.00	(1,653,052.00)
49010 OF Reserve Contribution	262,561.00			
R01 Assessments - REPORT ONL		0.00	(262,561.00)	
49010 OF Reserve Contribution	262,561.00	0.00	(262,561.00)	0.00
49110 OF Contribution to Joint/Master -	771,803.00	0.00	0.00	771,803.00
50020 OF Management Fee	120,669.00	0.00	0.00	120,669.00

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Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance - Operating Fund

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB. OF-2

Account	Prelim	Adj's	Reclass	Rep
50050 OF Legal - General	8,619.00	0.00	0.00	8,619.00
50100 OF Collection Service	146.00	0.00	0.00	146.00
50110 OF CPA Review and/or Tax Retur	2,850.00	0.00	0.00	2,850.00
50120 OF Misc Tax Filing (1099, etc)	230.00	0.00	0.00	230.00
50130 OF Consulting	563.00	0.00	0.00	563.00
50150 OF Reserve Study	510.00	0.00	0.00	510.00
50210 OF Printing and Postage	6,364.00			
A03 Income Tax - To record curren		(51.00)	0.00	
50210 OF Printing and Postage	6,364.00	(51.00)	0.00	6,313.00
50220 OF Bank Fees/Charges	64.00			
A03 Income Tax - To record curren		96.00	0.00	
50220 OF Bank Fees/Charges	64.00	96.00	0.00	160.00
50230 OF Dues/Subscriptions	1,150.00	0.00	0.00	1,150.00
50240 OF File Storage	151.00	0.00	0.00	151.00
50250 OF Office Supplies&Expense	1,603.00	0.00	0.00	1,603.00
50270 OF Meeting&Social Exp	4,098.00	0.00	0.00	4,098.00
50300 OF Decoration	3,742.00	0.00	0.00	3,742.00
50305 OF Parking Validation	(860.00)	0.00	0.00	(860.00)
50360 OF Uniforms	1,907.00	0.00	0.00	1,907.00
50380 OF Misc Admin	140.00	0.00	0.00	140.00
51010 OF Payroll - Gross	77,060.00	0.00	0.00	77,060.00
51020 OF FICA Tax	4,778.00	0.00	0.00	4,778.00
51030 OF Medicare Tax	1,117.00	0.00	0.00	1,117.00
51040 OF Federal / State Unemployment	868.00	0.00	0.00	868.00
51050 OF SF Business / Payroll Tax	883.00	0.00	0.00	883.00
51060 OF Worker's Compensation - Emr	5,996.00	0.00	0.00	5,996.00
51070 OF Employer Overhead Fee	5,869.00	0.00	0.00	5,869.00
51080 OF HR Management Compliance	970.00	0.00	0.00	970.00
51090 OF Health Benefits	5,993.00	0.00	0.00	5,993.00
52010 OF Gas Expense (PG&E)	41,247.00	0.00	0.00	41,247.00
52030 OF Water & Sewer	232,214.00	0.00	0.00	232,214.00
52050 OF Telephone	7,646.00	0.00	0.00	7,646.00
53010 OF Janitorial / Cleaning Contract	92,700.00	0.00	0.00	92,700.00
53020 OF Landscape Contract	10,500.00	0.00	0.00	10,500.00
53030 OF Pest Control Contract	960.00	0.00	0.00	960.00
53037 OF BuildingLink Contract	5,592.00	0.00	0.00	5,592.00
53040 OF Elevator Contract	10,880.00	0.00	0.00	10,880.00
53070 OF Security Contract	115,192.00	0.00	0.00	115,192.00
53092 OF Marble Maintenance Contract	6,690.00	0.00	0.00	6,690.00
54050 OF Inspctn/License/Permit/Certica	1,896.00	0.00	0.00	1,896.00
55010 OF Janitorial Supplies	3,554.00	0.00	0.00	3,554.00
55020 OF Electrical / Lighting Supplies	173.00	0.00	0.00	173.00

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Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance - Operating Fund

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB. OF-3

Account	Prelim	Adj's	Reclass	Rep
55030 OF Maintenance Supplies	571.00	0.00	0.00	571.00
55035 OF Mechanical System Suplies	1,303.00	0.00	0.00	1,303.00
55040 OF Painting Supplies	99.00	0.00	0.00	99.00
56042 OF Security Camera System Main	132.00	0.00	0.00	132.00
57010 OF Plumbing R&M	15,064.00	0.00	0.00	15,064.00
57040 OF Light Bulb Replace	4,777.00	0.00	0.00	4,777.00
57060 OF Interior Floors / Walls R&M	800.00	0.00	0.00	800.00
57080 OF Locks / Keys / Locksmiths R&M	832.00	0.00	0.00	832.00
57120 OF Window Washing R&M	13,600.00	0.00	0.00	13,600.00
57125 OF Window Repairs R&M	275.00	0.00	0.00	275.00
57162 OF Landscape - Plant Rotation	121.00	0.00	0.00	121.00
57170 OF Tree Removal, Trim & Maintainer	2,028.00	0.00	0.00	2,028.00
57195 OF Interior Maint- Other R&M	5,879.00	0.00	0.00	5,879.00
58010 OF Prop & Liability Insurance	324.00	0.00	0.00	324.00
59020 OF State Taxes	61.00			
A03 Income Tax - To record current		2,779.00	0.00	
59020 OF State Taxes	61.00	2,779.00	0.00	2,840.00
59025 OF Federal Taxes	0.00			
A03 Income Tax - To record current		3,501.00	0.00	
59025 OF Federal Taxes	0.00	3,501.00	0.00	3,501.00
OE OF Expenses	1,864,954.00	6,325.00	(262,561.00)	1,608,718.00
	0.00	0.00	0.00	0.00
Net Income (Loss)	73,183.00			44,334.00

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance - Replacement Fund

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB. RF

Account	Prelim	Adj's	Reclass	Rep
11041 RF Union Bank Reserve #8222	327,866.00	0.00	0.00	327,866.00
11052 RF UB Reserve CD Plus 6-mo ma	200,000.00	0.00	0.00	200,000.00
11053 RF UB Reserve CD Plus 2-mo ma	200,000.00	0.00	0.00	200,000.00
11927 RF Due from Operating Fund	0.00			
A02 Funds Transfer - To present th		70,000.00	0.00	
11927 RF Due from Operating Fund	0.00	70,000.00	0.00	70,000.00
17000MK1005 RF Water Loss, #1501	3,608.00	0.00	0.00	3,608.00
17000MK1007 RF Water Loss, #722	(698.00)	0.00	0.00	(698.00)
17000MK1009 RF Water Loss, #923	10,000.00	0.00	0.00	10,000.00
17000MK1012 RF Deck Ins/Rpr #15111	719.00	0.00	0.00	719.00
A Assets	741,495.00	70,000.00	0.00	811,495.00
21010 RF Accounts Payable	(3,185.00)	0.00	0.00	(3,185.00)
L Liabilities	(3,185.00)	0.00	0.00	(3,185.00)
30020 RF Reserve Fund Equity-Beg Bal	(979,463.00)	0.00	0.00	(979,463.00)
30040 RF Prior Year- Addt'l Transfer	0.00			
A02 Funds Transfer - To present th		(70,000.00)	0.00	
30040 RF Prior Year- Addt'l Transfer	0.00	(70,000.00)	0.00	(70,000.00)
E Fund Balance	(979,463.00)	(70,000.00)	0.00	(1,049,463.00)
80010 RF Reserve Income	(262,561.00)	0.00	0.00	(262,561.00)
80100 RF RESERVE INTEREST BANK	(3,380.00)			
A04 Earthquake CD Interest - To s		411.00	0.00	
80100 RF RESERVE INTEREST BANK	(3,380.00)	411.00	0.00	(2,969.00)
R Revenue	(265,941.00)	411.00	0.00	(265,530.00)
50050 RF Legal - General	1,249.00	0.00	0.00	1,249.00
90225 RF Interior Design & Refresh	480,821.00	0.00	0.00	480,821.00
91115 RF HVAC	1,685.00	0.00	0.00	1,685.00
91220 RF Window Repair & Maintenance	6,091.00	0.00	0.00	6,091.00
91710 RF Replace Fogged Window Glas	16,400.00	0.00	0.00	16,400.00
98000MK1007 RF Windows Repair, #91	62.00	0.00	0.00	62.00
98000MK1008 RF Water Loss, #1501	375.00	0.00	0.00	375.00
RE RF Expenses	506,683.00	0.00	0.00	506,683.00
	(411.00)	411.00	0.00	0.00
Net Income (Loss)	(240,742.00)			(241,153.00)

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance - Earthquake Fund

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB. EF

Account	Prelim	Adj's	Reclass	Rep
11055 EF HB EQ Reserve CD 4/22/17	41,158.00	0.00	0.00	41,158.00
11087 EF HB EQ Reserve #5808	89.00	0.00	0.00	89.00
A Assets	41,247.00	0.00	0.00	41,247.00
30050 EF Earthquake Fund Equity-Beg E	(40,836.00)	0.00	0.00	(40,836.00)
E Fund Balance	(40,836.00)	0.00	0.00	(40,836.00)
80105 EF EARTHQUAKE INTEREST BA	0.00			
A04 Earthquake CD Interest - To s		(411.00)	0.00	
80105 EF EARTHQUAKE INTEREST BA	0.00	(411.00)	0.00	(411.00)
R Revenue	0.00	(411.00)	0.00	(411.00)
	411.00	(411.00)	0.00	0.00
Net Income (Loss)	0.00			411.00

Museum Parc Residential Condominium Ho

Year End: December 31, 2016

Adjusting Journal Entries

Date: 1/1/2016 To 12/31/2016

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.AJE

Number	Date	Name	Account No	Debit	Credit
A01	12/31/2016	Operating Fund Equity-Beg Balance	30010 OF	39,999.00	
A01	12/31/2016	Late Fees	41010 OF	1.00	
A01	12/31/2016	Prior Year- Addtl Transfer	30040 OF		40,000.00
Beginning Balances - To reconcile Operating Fund beginning balance by reclassifying the prior year additional transfer for presentation.					
A02	12/31/2016	Prior Year- Addtl Transfer	30040 OF	70,000.00	
A02	12/31/2016	Due from Operating Fund	11927 RF	70,000.00	
A02	12/31/2016	Prior Year- Addtl Transfer	30040 RF		70,000.00
A02	12/31/2016	Due To/From Reserve	22127 OF		70,000.00
Funds Transfer - To present the approved permanent transfer of prior year excess as an interfund balance for transfer of cash not yet made.					
A03	12/31/2016	State Taxes	59020 OF	2,779.00	
A03	12/31/2016	Federal Taxes	59025 OF	3,501.00	
A03	12/31/2016	Bank Fees/Charges	50220 OF	96.00	
A03	12/31/2016	Prepaid Taxes - Federal	15060 OF		19.00
A03	12/31/2016	Income Tax Payable	25060 OF		6,306.00
A03	12/31/2016	Printing and Postage	50210 OF		51.00
Income Tax - To record current year tax liability for the year ended December 31, 2016.					
A04	12/31/2016	RESERVE INTEREST BANK	80100 RF	411.00	
A04	12/31/2016	EARTHQUAKE INTEREST BANK	80105 EF		411.00
Earthquake CD Interest - To separate and allocate interest earned on Earthquake Fund CD from Reserve Fund.					
A05	12/31/2016	Other Income #1	80050 OF	29,125.00	
A05	12/31/2016	Deferred Comcast Deposit	23000 OF		22,523.00
A05	12/31/2016	Comcast Income	42020 OF		6,602.00
Comcast Deferred Revenue - To record amortized amount of Per Unit Compensation subject to refund upon termination for the uncured default of the agreement by the Association.					

Date: 1/1/2016 To 12/31/2016FS.AJE-1Page 2

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Reclassifying Journal Entries

Date: 1/1/2016 To 12/31/2016

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.RJE

Number	Date	Name	Account No	Debit	Credit
R01	12/31/2016	Association Assessments (billed)	40010 OF	262,598.00	
R01	12/31/2016	Reserve Contribution	49010 OF		262,561.00
R01	12/31/2016	Late Fees	41010 OF		37.00
Assessments - REPORT ONLY - To remove reserve fund assessments from the Operating Fund.					
				262,598.00	262,598.00
Net Income (Loss)			(196,408.00)		

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance by Map Number (OF)

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

FS.TB.MOF

Account	Prelim	Adj's	Reclass	Rep
11011 OF Union Bank Operating #8131	205,036.00	0.00	0.00	205,036.00
100 Cash and Cash Equivalents	205,036.00	0.00	0.00	205,036.00
11020 OF UB OP CD Plus 3-mo mature 4	100,000.00	0.00	0.00	100,000.00
105 Investments	100,000.00	0.00	0.00	100,000.00
13010 OF Assessments Receivable	39,382.00	0.00	0.00	39,382.00
110 Assessments Receivable	39,382.00	0.00	0.00	39,382.00
13065 OF Water Reimbursement Receiv	456.00	0.00	0.00	456.00
14080 OF Electricity Receivab	7,364.00	0.00	0.00	7,364.00
14090 OF Staff Bonus Receivable	13,770.00	0.00	0.00	13,770.00
111 Other Member Receivables	21,590.00	0.00	0.00	21,590.00
14010 OF Allowance for Doubtful Accoun	(26,479.00)	0.00	0.00	(26,479.00)
119 Allowance for Doubtful Account:	(26,479.00)	0.00	0.00	(26,479.00)
15125 OF Key Fobs	313.00	0.00	0.00	313.00
15200 OF Parking Validation	4,439.00	0.00	0.00	4,439.00
17000MK1006 OF Water Loss, #822	173.00	0.00	0.00	173.00
17000MK1008 OF Water Loss, #1015	918.00	0.00	0.00	918.00
17000MK1009 OF Water Loss, #923	2,093.00	0.00	0.00	2,093.00
120 Prepaid Expenses	7,936.00	0.00	0.00	7,936.00
15060 OF Prepaid Taxes - Federal	19.00	(19.00)	0.00	0.00
120.100 Prepaid Income Tax	19.00	(19.00)	0.00	0.00
22127 OF Due To/From Reserve	0.00	(70,000.00)	0.00	(70,000.00)
190 Interfund Balances	0.00	(70,000.00)	0.00	(70,000.00)
22030 OF Accrued Gas	(2,500.00)	0.00	0.00	(2,500.00)
22050 OF Accrued Water	(36,000.00)	0.00	0.00	(36,000.00)
22070 OF Accrued Telephone	(1,182.00)	0.00	0.00	(1,182.00)
22095 OF Accrued Security	(12,000.00)	0.00	0.00	(12,000.00)
22120 OF Accrue Payroll & Benefits	(4,000.00)	0.00	0.00	(4,000.00)
202 Accrued Liabilities	(55,682.00)	0.00	0.00	(55,682.00)
22160 OF Prepaid Assessments	(47,446.00)	0.00	0.00	(47,446.00)
205 Assessments Received in Advan	(47,446.00)	0.00	0.00	(47,446.00)
25060 OF Income Tax Payable	0.00	(6,306.00)	0.00	(6,306.00)
210 Taxes payable	0.00	(6,306.00)	0.00	(6,306.00)
23000 OF Deferred Comcast Deposit	0.00	(22,523.00)	0.00	(22,523.00)
215.200 Deferred Comcast Revenue	0.00	(22,523.00)	0.00	(22,523.00)

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Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance by Map Number (OF)

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

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Account	Prelim	Adj's	Reclass	Rep
14040 OF Due to/from Other	(10,000.00)	0.00	0.00	(10,000.00)
228 Other current liabilities	(10,000.00)	0.00	0.00	(10,000.00)
30010 OF Operating Fund Equity-Beg Ba	(201,173.00)	39,999.00	0.00	(161,174.00)
301 Fund Balance (Deficit) - Beginnii	(201,173.00)	39,999.00	0.00	(161,174.00)
30040 OF Prior Year- Addtl Transfer	40,000.00	30,000.00	0.00	70,000.00
305 Permanent Transfer	40,000.00	30,000.00	0.00	70,000.00
40010 OF Association Assessments (bille	(1,811,710.00)	0.00	262,598.00	(1,549,112.00)
400 Member Assessments	(1,811,710.00)	0.00	262,598.00	(1,549,112.00)
41025 OF Interest - Bank	(38.00)	0.00	0.00	(38.00)
42015 OF Interest Income - Operating	(37.00)	0.00	0.00	(37.00)
80100 OF RESERVE INTEREST BANK	(159.00)	0.00	0.00	(159.00)
402 Interest Income	(234.00)	0.00	0.00	(234.00)
41010 OF Late Fees	(3,189.00)	1.00	(37.00)	(3,225.00)
41070 OF Keys / Remotes / Gate Opener	(822.00)	0.00	0.00	(822.00)
41080 OF Move In/Out Fee	(20,100.00)	0.00	0.00	(20,100.00)
403 Late Fees and Member Charges	(24,111.00)	1.00	(37.00)	(24,147.00)
42080 OF Laundry Income	(3,487.00)	0.00	0.00	(3,487.00)
404 Laundry Income	(3,487.00)	0.00	0.00	(3,487.00)
42020 OF Comcast Income	0.00	(6,602.00)	0.00	(6,602.00)
405 Cable Income	0.00	(6,602.00)	0.00	(6,602.00)
80050 OF Other Income #1	(29,125.00)	29,125.00	0.00	0.00
406 Miscellaneous Income	(29,125.00)	29,125.00	0.00	0.00
52035 OF Water Reimbursement from M	(33,468.00)	0.00	0.00	(33,468.00)
52036 OF Water Reimbursement - Restr	(3,200.00)	0.00	0.00	(3,200.00)
53075 OF Security Reimbursement from	(32,782.00)	0.00	0.00	(32,782.00)
59999 OF Bill Back Expense	(20.00)	0.00	0.00	(20.00)
410 Reimbursements	(69,470.00)	0.00	0.00	(69,470.00)
50020 OF Management Fee	120,669.00	0.00	0.00	120,669.00
510. 1 Management	120,669.00	0.00	0.00	120,669.00
58010 OF Prop & Liability Insurance	324.00	0.00	0.00	324.00
510. 3 Insurance	324.00	0.00	0.00	324.00
50050 OF Legal - General	8,619.00	0.00	0.00	8,619.00

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Year End: December 31, 2016

Trial Balance by Map Number (OF)

Prepared by	Reviewed by
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Account	Prelim	Adj's	Reclass	Rep
50110 OF CPA Review and/or Tax Return	2,850.00	0.00	0.00	2,850.00
50130 OF Consulting	563.00	0.00	0.00	563.00
50150 OF Reserve Study	510.00	0.00	0.00	510.00
510. 4 Legal and Professional Fees	12,542.00	0.00	0.00	12,542.00
50250 OF Office Supplies&Expense	1,603.00	0.00	0.00	1,603.00
510. 5 Office Expense	1,603.00	0.00	0.00	1,603.00
50210 OF Printing and Postage	6,364.00	(51.00)	0.00	6,313.00
510. 6 Printing and Postage	6,364.00	(51.00)	0.00	6,313.00
54050 OF Inspctn/License/Permit/Certica	1,896.00	0.00	0.00	1,896.00
59020 OF State Taxes	61.00	2,779.00	0.00	2,840.00
59025 OF Federal Taxes	0.00	3,501.00	0.00	3,501.00
510. 8 Tax, Licenses, and Permits	1,957.00	6,280.00	0.00	8,237.00
50100 OF Collection Service	146.00	0.00	0.00	146.00
50120 OF Misc Tax Filing (1099, etc)	230.00	0.00	0.00	230.00
50220 OF Bank Fees/Charges	64.00	96.00	0.00	160.00
50230 OF Dues/Subscriptions	1,150.00	0.00	0.00	1,150.00
50240 OF File Storage	151.00	0.00	0.00	151.00
50270 OF Meeting&Social Exp	4,098.00	0.00	0.00	4,098.00
50305 OF Parking Validation	(860.00)	0.00	0.00	(860.00)
50380 OF Misc Admin	140.00	0.00	0.00	140.00
510. 10 Other Administrative Expens	5,119.00	96.00	0.00	5,215.00
53010 OF Janitorial / Cleaning Contract	92,700.00	0.00	0.00	92,700.00
53092 OF Marble Maintenance Contract	6,690.00	0.00	0.00	6,690.00
515. 1 Janitorial / Custodial	99,390.00	0.00	0.00	99,390.00
55010 OF Janitorial Supplies	3,554.00	0.00	0.00	3,554.00
55030 OF Maintenance Supplies	571.00	0.00	0.00	571.00
55035 OF Mechanical System Suplies	1,303.00	0.00	0.00	1,303.00
55040 OF Painting Supplies	99.00	0.00	0.00	99.00
515. 2 Janitorial / Custodial Extras	5,527.00	0.00	0.00	5,527.00
53037 OF BuildingLink Contract	5,592.00	0.00	0.00	5,592.00
515. 3 Security	5,592.00	0.00	0.00	5,592.00
53030 OF Pest Control Contract	960.00	0.00	0.00	960.00
515. 4 Pest Control	960.00	0.00	0.00	960.00
57010 OF Plumbing R&M	15,064.00	0.00	0.00	15,064.00
57060 OF Interior Floors / Walls R&M	800.00	0.00	0.00	800.00
57080 OF Locks / Keys / Locksmiths R&M	832.00	0.00	0.00	832.00

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Year End: December 31, 2016

Trial Balance by Map Number (OF)

Prepared by	Reviewed by
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Account	Prelim	Adj's	Reclass	Rep
57120 OF Window Washing R&M	13,600.00	0.00	0.00	13,600.00
57125 OF Window Repairs R&M	275.00	0.00	0.00	275.00
57195 OF Interior Maint- Other R&M	5,879.00	0.00	0.00	5,879.00
515. 5 Repairs and Maintenance	36,450.00	0.00	0.00	36,450.00
53070 OF Security Contract	115,192.00	0.00	0.00	115,192.00
56042 OF Security Camera System Main	132.00	0.00	0.00	132.00
515. 6 Fire and Life Safety	115,324.00	0.00	0.00	115,324.00
53040 OF Elevator Contract	10,880.00	0.00	0.00	10,880.00
515. 9 Elevator	10,880.00	0.00	0.00	10,880.00
50300 OF Decoration	3,742.00	0.00	0.00	3,742.00
55020 OF Electrical / Lighting Supplies	173.00	0.00	0.00	173.00
57040 OF Light Bulb Replace	4,777.00	0.00	0.00	4,777.00
515. 10 Other Common Area Expenses	8,692.00	0.00	0.00	8,692.00
53020 OF Landscape Contract	10,500.00	0.00	0.00	10,500.00
520. 1 Contract	10,500.00	0.00	0.00	10,500.00
57162 OF Landscape - Plant Rotation	121.00	0.00	0.00	121.00
520. 4 Extras	121.00	0.00	0.00	121.00
57170 OF Tree Removal, Trim & Mainten	2,028.00	0.00	0.00	2,028.00
520. 5 Tree Work	2,028.00	0.00	0.00	2,028.00
51010 OF Payroll - Gross	77,060.00	0.00	0.00	77,060.00
545. 1 Wages and Salary	77,060.00	0.00	0.00	77,060.00
51020 OF FICA Tax	4,778.00	0.00	0.00	4,778.00
51030 OF Medicare Tax	1,117.00	0.00	0.00	1,117.00
51040 OF Federal / State Unemployment	868.00	0.00	0.00	868.00
51050 OF SF Business / Payroll Tax	883.00	0.00	0.00	883.00
545. 2 Payroll Tax	7,646.00	0.00	0.00	7,646.00
51090 OF Health Benefits	5,993.00	0.00	0.00	5,993.00
545. 3 Employee Benefits	5,993.00	0.00	0.00	5,993.00
50360 OF Uniforms	1,907.00	0.00	0.00	1,907.00
545. 4 Uniforms	1,907.00	0.00	0.00	1,907.00
51060 OF Worker's Compensation - Emp	5,996.00	0.00	0.00	5,996.00
51070 OF Employer Overhead Fee	5,869.00	0.00	0.00	5,869.00
51080 OF HR Management Compliance	970.00	0.00	0.00	970.00
545. 10 Other Payroll Expenses	12,835.00	0.00	0.00	12,835.00

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Year End: December 31, 2016

Trial Balance by Map Number (OF)

Prepared by	Reviewed by
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Account	Prelim	Adj's	Reclass	Rep
52010 OF Gas Expense (PG&E)	41,247.00	0.00	0.00	41,247.00
550. 1 Gas	41,247.00	0.00	0.00	41,247.00
52030 OF Water & Sewer	232,214.00	0.00	0.00	232,214.00
550. 5 Water and Sewer	232,214.00	0.00	0.00	232,214.00
52050 OF Telephone	7,646.00	0.00	0.00	7,646.00
550. 8 Telephone	7,646.00	0.00	0.00	7,646.00
49010 OF Reserve Contribution	262,561.00	0.00	(262,561.00)	0.00
49110 OF Contribution to Joint/Master -	771,803.00	0.00	0.00	771,803.00
890 Reserve Contributions	1,034,364.00	0.00	(262,561.00)	771,803.00
	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss)	73,183.00			44,334.00

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance by Map Number (RF)

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

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Account	Prelim	Adj's	Reclass	Rep
11041 RF Union Bank Reserve #8222	327,866.00	0.00	0.00	327,866.00
100 Cash and Cash Equivalents	327,866.00	0.00	0.00	327,866.00
11052 RF UB Reserve CD Plus 6-mo ma	200,000.00	0.00	0.00	200,000.00
11053 RF UB Reserve CD Plus 2-mo ma	200,000.00	0.00	0.00	200,000.00
105 Investments	400,000.00	0.00	0.00	400,000.00
17000MK1005 RF Water Loss, #1501	3,608.00	0.00	0.00	3,608.00
17000MK1007 RF Water Loss, #722	(698.00)	0.00	0.00	(698.00)
17000MK1009 RF Water Loss, #923	10,000.00	0.00	0.00	10,000.00
17000MK1012 RF Deck Ins/Rpr #15111	719.00	0.00	0.00	719.00
111 Other Member Receivables	13,629.00	0.00	0.00	13,629.00
11927 RF Due from Operating Fund	0.00	70,000.00	0.00	70,000.00
190 Interfund Balances	0.00	70,000.00	0.00	70,000.00
21010 RF Accounts Payable	(3,185.00)	0.00	0.00	(3,185.00)
201 Accounts Payable	(3,185.00)	0.00	0.00	(3,185.00)
30020 RF Reserve Fund Equity-Beg Bala	(979,463.00)	0.00	0.00	(979,463.00)
301 Fund Balance (Deficit) - Beginnii	(979,463.00)	0.00	0.00	(979,463.00)
30040 RF Prior Year- Addt'l Transfer	0.00	(70,000.00)	0.00	(70,000.00)
305 Permanent Transfer	0.00	(70,000.00)	0.00	(70,000.00)
80010 RF Reserve Income	(262,561.00)	0.00	0.00	(262,561.00)
400 Member Assessments	(262,561.00)	0.00	0.00	(262,561.00)
80100 RF RESERVE INTEREST BANK	(3,380.00)	411.00	0.00	(2,969.00)
402 Interest Income	(3,380.00)	411.00	0.00	(2,969.00)
90225 RF Interior Design & Refresh	480,821.00	0.00	0.00	480,821.00
908 Common Area	480,821.00	0.00	0.00	480,821.00
91220 RF Window Repair & Maintenance	6,091.00	0.00	0.00	6,091.00
91710 RF Replace Fogged Window Glas	16,400.00	0.00	0.00	16,400.00
98000MK1007 RF Windows Repair, #915	62.00	0.00	0.00	62.00
909 Building Maintenance	22,553.00	0.00	0.00	22,553.00
91115 RF HVAC	1,685.00	0.00	0.00	1,685.00
911 HVAC	1,685.00	0.00	0.00	1,685.00
50050 RF Legal - General	1,249.00	0.00	0.00	1,249.00
915 General Expenses	1,249.00	0.00	0.00	1,249.00

Museum Parc Residential Condominium Home

Year End: December 31, 2016

Trial Balance by Map Number (RF)

Prepared by	Reviewed by
BC 3/21/2017	BC 3/21/2017

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Account	Prelim	Adj's	Reclass	Rep
98000MK1008 RF Water Loss, #1501	375.00	0.00	0.00	375.00
920 Water Intrusion	375.00	0.00	0.00	375.00
	<u>(411.00)</u>	<u>411.00</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss)	(240,742.00)			(241,153.00)