



April 5, 2017

Dear Bridgehaven Homeowner:

Enclosed is a copy of the Audit prepared by Moskowitz & Company, for the fiscal year ending December 31, 2016. It is a requirement of your CC&R's and the California Civil Code that the review be sent to each homeowner annually.

Please retain this document with the other permanent records for your home.

Sincerely,

Board of Directors
Bridgehaven Homeowner's Association



CERTIFIED PUBLIC ACCOUNTANTS
19510 Ventura Blvd., Suite 209
Tarzana, CA 91356
(818) 708-9050 Fax (818) 708-9095

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

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BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors and Members of the
Bridgehaven Homeowners' Association

We have audited the accompanying financial statements of the Bridgehaven 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.

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; this 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridgehaven Homeowners' Association as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 8 and 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacement of common properties on Page 10 be presented to supplement the basic financial statements. Such information, although not a 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. We 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 the information and 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. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Moskowitz and Company, Inc.

Certified Public Accountants

Tarzana, CA
March 2, 2017

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION**BALANCE SHEET****DECEMBER 31, 2016**

<u>ASSETS</u>	OPERATING FUND	REPLACEMENT FUND	TOTAL
Cash	\$ 106,296	\$ 396,431	\$ 502,727
Assessments Receivable, Net of Allowance For Doubtful Accounts of \$1,114 (Note 2)	-	-	-
Other Receivables	5,654	-	5,654
Prepaid Insurance	5,044	-	5,044
Prepaid Income Taxes	246	-	246
Due From Replacement Fund	34,579	-	34,579
TOTAL ASSETS	\$ 151,819	\$ 396,431	\$ 548,250
 <u>LIABILITIES</u>			
Accounts Payable	\$ 1,029	\$ -	\$ 1,029
Prepaid Assessments	5,340	-	5,340
Income Taxes Payable (Note 4)	10	-	10
Due To Operating Fund	-	34,579	34,579
TOTAL LIABILITIES	6,379	34,579	40,958
 Fund Balances	 145,440	 361,852	 507,292
TOTAL LIABILITIES AND FUND BALANCES	\$ 151,819	\$ 396,431	\$ 548,250

The accompanying notes are an integral part of the financial statements.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

DECEMBER 31, 2016

<u>REVENUES</u>	OPERATING FUND	REPLACEMENT FUND	TOTAL
Regular Assessments	\$ 89,297	\$ 30,503	\$ 119,800
Late Fees	19	-	19
Interest Income	126	506	632
TOTAL REVENUES	\$ 89,442	\$ 31,009	\$ 120,451
<u>EXPENSES</u>			
Maintenance	44,671	-	44,671
Utilities	17,068	-	17,068
General & Administrative	32,631	-	32,631
Reserve Expenditures	-	11,643	11,643
TOTAL EXPENSES	\$ 94,370	\$ 11,643	\$ 106,013
Excess (Deficiency) of Revenues Over Expenses	(4,928)	19,366	14,438
Beginning Fund Balances	150,368	342,486	492,854
ENDING FUND BALANCES	\$ 145,440	\$ 361,852	\$ 507,292

The accompanying notes are an integral part of the financial statements.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

STATEMENT OF CASH FLOWS

DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Excess (Deficiency) of Revenue Over Expenses	\$ (4,928)	\$ 19,366	\$ 14,438
(Increase) Decrease in Assets:			
Assessments Receivable	445	-	445
Other Receivables	(5,654)	-	(5,654)
Prepaid Insurance	615	-	615
Prepaid Income Taxes	(20)	-	(20)
Increase (Decrease) in Liabilities:			
Accounts Payable	(498)	-	(498)
Prepaid Assessments	(980)	-	(980)
Income Taxes Payable	(15)	-	(15)
Total Adjustments	(6,107)	-	(6,107)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(11,035)	19,366	8,331
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,035)	19,366	8,331
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	117,331	377,065	494,396
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 106,296	\$ 396,431	\$ 502,727
<u>SUPPLEMENTAL DISCLOSURE:</u>			
Income Taxes Paid	\$ 45		

The accompanying notes are an integral part of the financial statements.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization:

Bridgehaven Homeowners' Association, a California mutual benefit corporation, is organized and operated to provide for the management, maintenance and care of association property and common areas. In addition to such duties, the association maintains architectural control, enforces its protective restrictions, and promotes the general welfare of the community comprising the association. The association consists of 38 residential units and is located in Westlake Village, California. The association began its operations in May 1989.

Date of Management's Review:

In preparing the financial statements, the association has evaluated events and transactions for potential recognition or disclosure through March 2, 2017, the date that the financial statements were available to be issued.

Accounting Method:

The association maintains its books on the accrual basis of accounting. Revenues are recorded when billed, and expenses are recorded when incurred.

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.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Capitalization Policy and Depreciation:

Equipment purchased with association funds is capitalized at cost and depreciated over its useful life using the straight-line method of depreciation. Real and personal property acquired by the original homeowners from the developer and replacements and improvements are not capitalized on the association financial statements because they are owned by the individual owners in common and not by the association.

NOTE 2 – OWNERS' ASSESSMENTS AND ASSESSMENTS RECEIVABLE

The annual budget and owners' assessments are determined and approved by the Board of Directors. The association retains excess operating funds at the end of the fiscal year, if any, for use in the following fiscal year. Net assessments receivable at December 31, 2016 are \$0.

The association has several means of enforcing collection of delinquent assessments receivable including the filing of liens, foreclosure proceedings and attachment of homeowner assets or earnings.

The association uses the allowance method to record bad debts. The association takes into consideration its past experience in similar circumstances and makes an evaluation of the likelihood of collection from the delinquent owner accounts. The association then records an annual reserve for those delinquent accounts that may subsequently be deemed uncollectible.

NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$396,431 at December 31, 2016, are held in separate accounts and are generally not available for operating purposes. It is the policy of this association to allocate all interest earned on these funds to the appropriate fund.

The association engaged an independent consultant who conducted a study in September 2016 to estimate the remaining useful lives and the replacement costs of the common property components. 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. Actual expenditures, 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, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 4 - INCOME TAXES

The association is a tax-exempt organization under Section 528 of the Internal Revenue Code. Under that section, exempt function income is exempt from taxation, and the association is taxed only on its non-exempt function income at 30% by the federal government and at 8.84% by the State of California. Alternatively, if certain specific filing requirements are satisfied, the association can elect to be taxed as a regular corporation for federal tax purposes. When filing as a regular corporation, membership income is exempt from taxation and the association is taxed only on its non-membership income at regular federal tax rates.

As of December 31, 2016, the association's provision for federal and state income taxes is \$10.

NOTE 5 - CASH FLOWS

The Statement of Cash Flows was prepared using the indirect method of calculation. For purposes of this statement for the year ended December 31, 2016, cash and cash equivalents include cash on hand and on deposit with banks. There were no non-cash investing or financing activities.

NOTE 6 - UNINSURED CASH BALANCES

The association maintains its cash balances at one or more financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in these accounts may exceed the FDIC insured amount of \$250,000. Funds maintained in brokerage accounts are not federally insured, but are privately insured by the Securities Investor Protection Corporation (SIPC).

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

SUPPLEMENTARY SCHEDULE OF OPERATING FUND EXPENSES

DECEMBER 31, 2016

MAINTENANCE

Landscaping	\$	34,789	
Repairs & Maintenance		9,882	
TOTAL MAINTENANCE EXPENSE			\$ 44,671

UTILITIES

Electricity		2,219	
Water		14,476	
Trash		373	
TOTAL UTILITIES EXPENSE			17,068

GENERAL & ADMINISTRATIVE

Accounting		1,100	
Bad Debt		739	
Insurance		14,040	
Management Services		9,576	
Postage & Reproduction		2,537	
Board/Committee		1,014	
Clerical/Minutes		1,490	
Reserve Study		1,300	
Telephone		490	
Income Taxes		10	
Miscellaneous		335	
TOTAL GENERAL & ADMINISTRATIVE			32,631
TOTAL OPERATING FUND EXPENSES			\$ 94,370

The accompanying notes are an integral part of the financial statements.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

SUPPLEMENTARY SCHEDULE OF REPLACEMENT FUND EXPENSES

DECEMBER 31, 2016

REPLACEMENT FUND COMPONENTS

Asphalt	\$	-
Entry System		-
Fountains		-
Guard Building		-
Irrigation Timeclocks		-
Backflow		-
Timeclock Enclosures		-
Landscaping		-
Lighting		-
Monument/Signage		-
Paint		4,300
Play Equipment		-
Patio Furniture		-
Roofs		-
Surveillance System		-
Vehicle Gates		-
Wood Trellis		7,343
Contingency		-
TOTAL REPLACEMENT FUND EXPENSES	\$	<u>11,643</u>

The accompanying notes are an integral part of the financial statements.

BRIDGEHAVEN HOMEOWNERS' ASSOCIATION

SUPPLEMENTARY INFORMATION ON REPLACEMENT FUND BALANCES

DECEMBER 31, 2016

An independent consultant conducted a study on September 26, 2016 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

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

COMPONENTS	Estimated Remaining Useful Life 12/31/16	Estimated Current Replacement Cost 12/31/16	Fund Balance 12/31/16
Painting	0-4	20,200	
Asphalt	3-14	344,350	
Concrete	3	12,600	
Irrigation Controller	0	9,350	
Time Clock Enclosures	0	8,750	
Backflow Devices	0	10,500	
Landscaping	1	30,000	
Roofs	8	1,800	
Vehicle Gates	15	26,000	
Intercom	5	4,000	
Vehicle Gate Operators	0	6,500	
Monument	14	30,000	
Surveillance System	3	5,250	
Lights	4	39,300	
Tree Removal/Replace	0	10,000	
Patio Furniture	2	2,500	
Basketball Backboard/Hoop	0	1,700	
TOTALS		\$ 562,800	\$ 361,852

The accompanying notes are an integral part of the financial statements.