



October 17, 2018

Dear Greystone Collection Homeowners Association:

Enclosed is a copy of the audit prepared by Owens, Moskowitz & Associates, Inc. for the fiscal year ending June 30, 2018. 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
Greystone Collection Homeowners Association

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION

Audited Financial Statements

For The Year Ended June 30, 2018

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OWENS, MOSKOWITZ AND ASSOCIATES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Greystone Collection Camarillo Homeowners' Association

We have audited the accompanying financial statements of The Greystone Collection Camarillo Homeowners' Association, which comprise the balance sheet as of June 30, 2018, and the related statements of revenue and expenses and association funds, 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 The Greystone Collection Camarillo Homeowners' Association as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of- Matter Regarding Supplemental Information

Per California Civil Code requirements, the Association has conducted a study to estimate the remaining lives and replacement costs of the common property within the past three years. The schedule that the American Institute of Certified Public Accountants has determined is required to supplement, although not required to be a part of, the basic financial statements has used the most current study dated March 28, 2016. The projections of this study have not been updated and may no longer be valid.

Owens, Moskowitz and Associates, Inc.

October 10, 2018

Owens, Moskowitz and Associates, Inc.

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
BALANCE SHEET
JUNE 30, 2018

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash	\$ 110,848	\$ 281,719	\$ 392,567
Short-Term Investments	-	220,000	220,000
Assessments Receivable	6,156	-	6,156
Less: Allowance For Doubtful Accounts	(4,306)	-	(4,306)
Interest Receivable	-	296	296
Other Receivable	100	-	100
Prepaid Taxes	1,756	-	1,756
Prepaid Insurance	<u>2,445</u>	<u>-</u>	<u>2,445</u>
Total Assets	<u>\$ 116,999</u>	<u>\$ 502,015</u>	<u>\$ 619,014</u>
LIABILITIES AND ASSOCIATION FUNDS			
Liabilities			
Accounts Payable	\$ 3,659	\$ 407	\$ 4,066
Prepaid Assessments	8,092	-	8,092
Income Taxes Payable	<u>10</u>	<u>-</u>	<u>10</u>
Total Liabilities	11,761	407	12,168
Commitments	-	-	-
Association Funds	<u>105,238</u>	<u>501,608</u>	<u>606,846</u>
Total Liabilities And Association Funds	<u>\$ 116,999</u>	<u>\$ 502,015</u>	<u>\$ 619,014</u>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
STATEMENT OF REVENUE EXPENSES AND ASSOCIATION FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUE			
Assessments	\$ 115,458	\$ 61,950	\$ 177,408
Interest Income	-	2,564	2,564
Laundry Income	6,730	-	6,730
Other Income	2,535	-	2,535
Total Revenue	124,723	64,514	189,237
EXPENSES			
Landscape Maintenance	19,672	-	19,672
Management Fees	20,064	-	20,064
Administrative	8,778	-	8,778
Legal And Audit	2,050	-	2,050
Insurance	9,087	-	9,087
Bad Debt	86	-	86
Pool	10,128	2,592	12,720
Rubbish Collection	65	-	65
Pest Control	80	-	80
General Maintenance	3,818	-	3,818
Gas	6,124	-	6,124
Electricity	6,284	-	6,284
Water	12,133	-	12,133
Street Sweeping	3,846	-	3,846
Security	19,412	-	19,412
Custodial	3,968	-	3,968
Gate	-	8,554	8,554
Clubhouse	-	4,930	4,930
Intercom	-	1,746	1,746
Fence	2,336	-	2,336
Lighting and Electrical	1,884	1,252	3,136
Plumbing	2,180	-	2,180
Income Tax	425	-	425
Total Expenses	132,420	19,074	151,494
Excess (Deficiency) of Revenue Over Expenses	(7,697)	45,440	37,743
Association Funds Balance Beginning of Year	132,796	436,307	569,103
Interfund Transfers	(19,861)	19,861	-
Association Funds Balance End of Year	\$ 105,238	\$ 501,608	\$ 606,846

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	OPERATING FUND	REPLACEMENT FUND	TOTAL
Cash Flows From Operating Activities:			
Cash Received From Members	\$ 126,417	\$ 61,950	\$ 188,367
Cash Paid To Suppliers of Goods And Services	(138,731)	(18,667)	(157,398)
Interest Received	-	2,268	2,268
Income Taxes Paid	2	-	2
Net Cash Provided By (Used In) Operating Activities	(12,312)	45,551	33,239
Cash Flows From Investing Activities:			
Purchase of Short-Term Investments	-	(75,000)	(75,000)
Cash Flows From Financing Activities:			
Interfund Transfers	(19,861)	19,861	-
Interfund Borrowings	19,861	(19,861)	-
Net Cash Provided By (Used In) Financing Activities	-	-	-
Net Decrease In Cash And Cash Equivalents	(12,312)	(29,449)	(41,761)
Cash And Cash Equivalents At Beginning of Year	123,160	311,168	434,328
Cash And Cash Equivalents At End of Year	\$ 110,848	\$ 281,719	\$ 392,567

RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Excess (Deficiency) of Revenue Over Expenses	\$ (7,697)	\$ 45,440	\$ 37,743
Adjustments To Reconcile Excess (Deficiency) of Revenue Over Expenses To Net Cash Provided By Operating Activities:			
Change In Assessments Receivable	(212)	-	(212)
Change In Interest Receivable	-	(296)	(296)
Change In Prepaid Insurance	(27)	-	(27)
Change In Prepaid Taxes	427	-	427
Change In Accounts Payable	(6,795)	407	(6,388)
Change In Prepaid Assessments	1,992	-	1,992
Net Cash Provided By (Used In) Operating Activities	\$ (12,312)	\$ 45,551	\$ 33,239

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 NATURE OF ORGANIZATION

The Greystone Collection Camarillo Homeowners' Association was incorporated on July 25, 1996, in the state of California. It is responsible for the operation and maintenance of the common property within the development, which is located in the city of Camarillo, California. The development consists of 176 residential units.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The books of The Greystone Collection Camarillo Homeowners' Association are maintained on the accrual basis of accounting with entries made to adjust them for audit and tax purposes.

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. |

Property and Equipment

Real property and common areas acquired by the original homeowners from the developer are owned by the individual owners in common and are not capitalized on the Association's financial statements.

Replacements and improvements to the real property and common areas also belong to the owners and are not capitalized on the Association's financial statements.

Cash Equivalents and Short-term Investments

Cash equivalents consist primarily of certificates of deposit and other securities with original maturities of 90 days or less. Certificates of deposit and other securities with original maturities over 90 days are classified as short-term investments. Cash equivalents and short-term investments are stated at cost, which approximates market value.

Use of Estimates

The Association uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. 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. Actual results could vary from the estimates that were used.

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 3 REPLACEMENT FUND

The Association is funding contributions to capital for the future replacement of selected Association common areas. The funds are held in separate savings accounts to be used for the replacement of common areas only and not in the course of normal operations.

California Civil Code Section 5550 requires that associations identify the estimated remaining life of assets the association is obligated to maintain and the methods of funding used to defray future repair and replacement costs.

Industry practice is to engage outside consultants with experience in construction and maintenance to study and report on the estimated remaining life of assets that the Association is obligated to maintain and the costs of their repair and replacement. These reports address the adequacy of reserves and their funding.

A study of the Association's funding program for the replacement of Association common areas, conducted as of June 30, 2016, indicated the Association's ideal cash replacement fund balance was \$ 431,488 at that date. The study indicated the replacement fund was approximately 101% ideally funded.

An independent study to determine the adequacy of the funding program for the replacement of Association common areas has not been conducted for the current year. The preparation of such a study involves significant estimates by the persons preparing the study, and these estimates are subject to annual revision for changing prices, circumstances and assumptions. Accordingly, the current program and cash savings may not be sufficient to meet all future replacement costs. Therefore, when replacement funds are needed, the Association has the right to increase the monthly assessments, pass special assessments, or delay replacement until funds are available.

NOTE 4 INCOME TAXES

The Association is a corporation that is potentially taxable on all of its net income, including unspent member assessments. However, under state and federal filing elections, the Association may choose to be taxed only on its net non-membership income, which includes interest income.

The State of California allows qualifying homeowner associations to file an election to be taxed under special rules. Under this election, income from members (such as assessments) is exempt from taxation.

Federal law offers a similar election, which must be made annually. However, net non-membership income under this election is taxed at a flat rate of 30%. If the Association chooses to file as a regular corporation, it may still exclude from taxation its net membership income by making certain elections. Tax at the regular corporate tax rate is generally lower. Some of these elections, however, have come under IRS attack and certain issues are yet to be clarified. In fiscal 2018, the Association filed as an exempt association.

Regardless of how the Association files its taxes, non-membership income (interest) may not be offset with membership expenses (such as common area maintenance costs). That is why the Association's taxable income can be greater than its net income as recorded in the financial statements.

The years open for tax authority examination are 2014 through 2017 for federal purposes and 2013 through 2017 for state purposes.

SEE INDEPENDENT AUDITORS' REPORT

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 4 INCOME TAXES (Continued)

Federal and California income taxes have been accrued based on the taxable portion of the income reported in the accompanying financial statements. Income taxes for the current year were:

2018 INCOME TAXES	FEDERAL	STATE TAX	STATE FEE	TOTAL
Income Taxes	\$ 241	\$ 174	\$ 10	\$ 425
Less: Credit from prior year return	(1,811)	(360)	-	(2,171)
Prepaid tax	<u>\$ 1,570</u>	<u>\$ 186</u>		<u>\$ 1,756</u>
Income tax payable			<u>\$ 10</u>	<u>\$ 10</u>

NOTE 5 CASH AND SHORT-TERM INVESTMENTS

The Association's cash and short-term investment balances as of June 30, 2018, were as follows:

INSTITUTION	INTEREST RATE	AMOUNT	MATURITY DATE
Union Bank	-	\$ 110,848	-
Union Bank	0.02%	281,719	-
Financial Federal Bank	1.60%	105,000	September 10, 2018
First Internet Bank of Indiana	1.55%	75,000	September 7, 2018
Tristate Capital Bank	1.60%	40,000	September 10, 2018
Total		<u>\$ 612,567</u>	

As of June 30, 2018, the Association's accounts at Union Bank totaled \$392,567 exceeding the FDIC coverage limit of \$250,000 per depositor per institution.

NOTE 6 ASSESSMENTS RECEIVABLE

Association members are subject to annual assessments (paid in monthly installments) to fund the Association's operating expenses, future capital acquisitions and major repairs and replacements. Assessments receivable at the balance sheet date represent assessments and other fees due from unit owners. Most owners live within Southern California and their ability to pay would be influenced by the local economy. The Association's CC & R's provide for various collection remedies for delinquent assessments including filing of liens on the owner's unit, foreclosing on the unit owner, and obtaining judgement on other assets of the unit owner.

NOTE 7 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Association uses the allowance method of recording bad debts. This method requires an annual provision for bad debts based on past or industry experience.

THE GREYSTONE COLLECTION CAMARILLO HOMEOWNERS' ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018
(CONTINUED)

NOTE 8 ASSESSMENTS

During fiscal 2018, assessments were billed at a rate of \$ 84.00 per unit per month. Effective July 1, 2018, the rate increased to \$ 94.00 per unit per month.

NOTE 9 SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 10, 2018, which is the date on which the financial statements were issued.

SUPPLEMENTAL INFORMATION

OWENS, MOSKOWITZ AND ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER:
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
The Greystone Collection Camarillo Homeowners' Association

Our report on our audit of the basic financial statements of The Greystone Collection Camarillo Homeowners' Association for the year ended June 30, 2018 appears on page 3. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on page 14 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.

Owens, Moskowitz and Associates, Inc.

October 10, 2018

Owens, Moskowitz and Associates, Inc.

