THE VINEYARD, A CONDOMINIUM

INDEPENDENT AUDITOR'S REPORT

AND

AUDITED FINANCIAL STATEMENTS

FOR THE

YEAR ENDED DECEMBER 31, 2021

AND

UNAUDITED SUPPLEMENTARY INFORMATION

THE VINEYARD, A CONDOMINIUM

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Joseph H. Vandal, CPA, PS

Member of American Institute of CPAs, Washington Society of CPAs
A Professional Service Corporation

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
The Vineyard, A Condominium

We have audited the accompanying financial statements of The Vineyard, A Condominium, which comprise the balance sheet as of December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Vineyard, A Condominium as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibility under those standards are further described in the auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Vineyard, A Condominium and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Vineyard, A Condominium's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Certified Public Accountant • 23515 NE Novelty Hill Road, Suite B221, #111 Redmond, WA 98053 • (425) 885-5134

INDEPENDENT AUDITOR'S REPORT--Continued

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Vineyard, A Condominium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Vineyard, A Condominium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on common property on page 11 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 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.

Joseph H. Vandal, CPA PS
Redmond, Washington

Joseph H Vandal CPA PS

April 14, 2022

THE VINEYARD, A CONDOMINIUM
BALANCE SHEET
December 31, 2021

	OPERATING FUND	REPLACEMENT RESERVE FUND	TOTAL
ASSETS			
Cash-Checking	$ 29,292	$ -	$ 29,292
Cash-Insurance Reserve	16,386	-	16,386
Cash-Replacement Reserve	-	531,598	531,598
Assessments Receivable	2,644	-	2,644
Allowance for Doubtful Accounts	(1,938)	-	(1,938)
Prepaid Insurance	12,367	-	12,367
Total Assets	$ 58,751	$ 531,598	$ 590,349
LIABILITIES AND FUND BALANCE			
Accounts Payable	$ 5,584	$ -	$ 5,584
Prepaid Assessments	4,097	-	4,097
Total Liabilities	9,681	-	9,681
Fund Balance	49,070	531,598	580,668
Total Liabilities & Fund Balance	$ 58,751	$ 531,598	$ 590,349

THE VINEYARD, A CONDOMINIUM
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
For the Year Ended December 31, 2021

	OPERATING FUND	REPLACEMENT RESERVE FUND	TOTAL
REVENUES			
Assessments			
Regular	$ 132,550	$ 80,642	$ 213,192
Other	3,728	-	3,728
Interest	27	958	985
TOTAL REVENUE	136,305	81,600	217,905
EXPENSES			
Management Fee	11,100	-	11,100
Administration	3,332	-	3,332
Professional Services	6,931	-	6,931
Licenses and Permits	694	-	694
Insurance	17,274	-	17,274
Repairs and Maintenance	31,412	-	31,412
Grounds and Landscape	19,535	-	19,535
Utilities	46,127	-	46,127
Bad Debt	683	-	683
TOTAL EXPENSES	137,088	-	137,088
REVENUES OVER/(UNDER) EXPENSES	(783)	81,600	80,817
BEGINNING FUND BALANCE	35,811	464,040	499,851
Transfer to (from)	14,042	(14,042)	-
ENDING BALANCE	$ 49,070	$ 531,598	$ 580,668

THE VINEYARD, A CONDOMINIUM
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	OPERATING FUND	REPLACEMENT RESERVE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
REVENUE OVER/(UNDER) EXPENSES	$ (783)	$ 81,600	$ 80,817
Adjustments to reconcile excess of expenses over revenues to net cash provided by activities:			
(Increase) Decrease in:			
Assessments Receivable	2,388	-	2,388
Prepaid Insurance	982	-	982
Increase (Decrease) in:			
Accounts Payable	(8,251)	-	(8,251)
Prepaid Assessments	2,593	-	2,593
NET CASH PROVIDED BY OPERATING ACTIVITIES	(3,071)	81,600	78,529
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	14,042	(14,042)	-
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	14,042	(14,042)	-
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS	10,971	67,558	78,529
CASH & EQUIVALENTS AT BEGINNING OF THE PERIOD	34,707	464,040	498,747
CASH & EQUIVALENTS AT END OF THE PERIOD	$ 45,678	$ 531,598	$ 577,276

THE VINEYARD, A CONDOMINIUM
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE A – NATURE OF ORGANIZATION

The Vineyard, A Condominium is a statutory condominium association in the State of Washington organized and incorporated in 2004. The Association is responsible for the operation and maintenance of the common property of The Vineyard, A Condominium. The Vineyard, A Condominium consists of 54 residential units located in Olympia, Washington.

NOTE B – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 14, 2022, the date that the financial statements were available to be issued.

NOTE C-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the 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, insurance proceeds (if any), insurance repairs (if any), and litigation costs (if any) relating to the afore mentioned proceeds.

Cash and Cash Equivalents

The Association considers cash on deposit, cash on hand, money market funds (if any) and certificates of deposit (if any) and any other highly-liquid securities to be cash and or cash equivalents. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE C-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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 assessments at year end are retained by the Association for use in the succeeding year. If assessments are inadequate, the Board of Directors, subject to the limitations of their authority described in the Association's governing documents, may have to increase regular assessments or pass special assessments. At December 31, 2021, the Association had assessments delinquent 90 days or more of approximately $1,938.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by individual unit owners in common and not by the Association. The Association capitalizes personal property at cost and depreciates it using the straight-line method.

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.

NOTE D-COMMITMENTS

The Association has various contracts for services including but not limited to management, maintenance, and landscaping.

NOTE E-INCOME TAXES

Condominium associations may be taxed either as homeowners' associations or as regular corporations. In 2021, the Association elected to be taxed as a homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as net interest earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

As of December 31, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

NOTE F-FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds (assets less liabilities as reported on the balance sheet), which in aggregate are approximately $531,598 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes. Cash balances shown on the balance sheet that are part of these funds are held in separate bank accounts.

The Association engaged a specialist who conducted a study in 2019 with an update in 2021 to estimate the remaining useful lives and the replacement costs of the common property components. The Association is partially funding for such major repairs and replacements over the estimated 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 the limitations of the authority described in the Association's governing documents, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

NOTE G-INSURANCE FUNDS

At December 31, 2021, the amount of deposits in a separate account designated for insurance purposes was $16,386.

NOTE H-ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2021:

	Operating Fund
Assessments	$ 2,644
Allowance for Doubtful Accounts	(1,938)
	$ 706

Bad debt expense for the year ended December 31, 2021 was $683.

NOTE I-UNINSURED CASH BALANCES

The Association maintains its cash balances at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to $250,000. Uninsured balances are approximately $327,276 at December 31, 2021.

SUPPLEMENTARY INFORMATION

THE VINEYARD, A CONDOMINIUM
UNAUDITED SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2021

A specialist conducted a study in 2019 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 on page 11 is based on the study and present significant information about the components of common property.

THE SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS THAT HAS NOT BEEN AUDITED APPEARS ON PAGE 11

Reserve Component List Detail

Report # 22048-6
With-Site-Visit

#	Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate Best Case	Worst Case
	The Vineyard					
120	Asphalt - Resurface	~ 46,000 GSF	35	8	$116,000	$128,000
121	Asphalt - Seal/Repair	~ 46,000 GSF	5	3	$16,000	$20,000
140	Fence: Wood (a) - Repair/Replace	~ 450 linear feet	20	10	$10,900	$12,800
140	Fence: Wood (b) - Repair/Replace	~ 1,250 linear feet	20	14	$33,600	$41,700
142	Wood Fence - Clean & Stain	~ 1,700 linear feet	5	0	$8,000	$11,000
165	Exterior Lights: Assorted - Replace	~ 130 wall mounted	20	4	$8,690	$11,600
170	Landscape - Maintain/Refurbish	Extensive square feet	5	0	$3,000	$4,500
200	Signage - Replace	(1) carved wood sign	20	17	$3,000	$3,700
205	Mailboxes - Repair/Replace	(58) boxes	30	23	$7,070	$9,390
330	Basketball Hoop - Repair/Replace	(1) Fixture	20	0	$2,400	$3,200
500	Steep Slope Roof - Repair/Replace	~ 55,000 GSF	25	12	$232,000	$290,000
509	Chimney Caps/Skylight - Replace	(50) caps; (1) Skylight	25	12	$8,120	$11,500
510	Gutters/Downspouts - Repair/Replace	~ 6,000 linear feet	25	12	$40,600	$56,800
518	Wood Shingles - Topical Treatment	~ 2,300 GSF	5	0	$3,500	$4,500
519	Wood Shingles - Repair/Replace	~ 2,300 GSF	25	16	$30,100	$37,100
521	Siding - Repair/Replace A	~ 61,000 GSF	40	3	$166,000	$228,000
521	Siding - Repair/Replace B	~ 61,000 GSF	40	4	$166,000	$228,000
521	Siding - Repair/Replace C	~ 61,000 GSF	40	5	$166,000	$228,000
522	Exterior Surfaces - Paint/Caulk A	~ 61,000 GSF	10	3	$35,000	$42,000
522	Exterior Surfaces - Paint/Caulk B	~ 61,000 GSF	10	4	$35,000	$42,000
522	Exterior Surfaces - Paint/Caulk C	~ 61,000 GSF	10	5	$35,000	$42,000
535	Windows, Sliders - Repair/Replace A	~ (325) metal frame	40	3	$77,400	$120,000
535	Windows, Sliders - Repair/Replace B	~ (325) metal frame	40	4	$77,400	$120,000
535	Windows, Sliders - Repair/Replace C	~ (325) metal frame	40	5	$77,400	$120,000
540	Decks: Elastomeric - Clean/Re-coat	~ 450 GSF	6	0	$3,500	$4,700
550	Deck Rails - Repair/Replace	~ 150 linear feet	40	3	$6,260	$8,580
900	Plumbing - Systems Evaluation	Supply & drain lines	50	0	$7,500	$9,000
900	Septic System - Repair/Replace	(6) pumps; Ext. System	5	3	$50,000	$70,000

28 Total Funded Components