Arbor Landing Homeowners Association, Inc.

Financial Statements and Independent Auditors' Report

December 31, 2013 and 2012

Arbor Landing Homeowners Association, Inc.

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Arbor Landing Homeowners Association, Inc.

Board of Directors

2013

January – September	*October - December*
Gloria Barnes, President	Gloria Barnes, President
Margaret Warren, Vice President	Margaret Warren, Vice President
Gay Donnelly, Treasurer	Gay Donnelly, Treasurer
Debbie Shiflett, Secretary	Carl Pendel, Secretary
Bill Williams, Director	Bertram Linkonis, Director
Karen Holmes, Director	Karen Holmes, Director
Bertram Linkonis, Director	Bill Williams, Director

2012

January – September	*October - December*
Krissy Thornbrugh, President	Gloria Barnes, President
Bill Williams, Vice President	Margaret Warren, Vice President
Gay Donnelly, Treasurer	Gay Donnelly, Treasurer
Margaret Warren, Co-Secretary	Debbie Shiflett, Secretary
Gloria Barnes, Co-Secretary	Bill Williams, Director
Lee McConnel, Director	Karen Holmes, Director
Bertram Linkonis, Director	Bertram Linkonis, Director

ANDREWS, BARWICK, & LEE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

The Board of Directors of
Arbor Landing Homeowners Association, Inc.
Chester, Virginia

We have audited the accompanying financial statements of Arbor Landing Homeowners Association, Inc., which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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

As disclosed in Note 1 (F) to the financial statements, accounting principles generally accepted in the United States of America require that fixed assets be depreciated over their estimated useful lives. The Association has computed depreciation on fixed assets in accordance with the Modified Accelerated Cost Recovery System used for federal income tax purposes, which does not allocate depreciation to expense over the estimated useful lives of the assets. The effects of this departure from accounting principles have not been determined.

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In our opinion, except for the effects of such adjustments if any, as might have been determined to be necessary had the straight-line method of depreciation been used, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor Landing Homeowners Association, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Andrews, Barwick, & Lee

Andrews, Barwick, & Lee, P.C.
Certified Public Accountants
Colonial Heights, Virginia
July 29, 2014

December 31, 2013 and 2012

Assets

	2013 Operating Fund	2013 Reserve Fund	2013 Total	2012 Total
Current Assets				
Cash and cash equivalents	$ 21,426	$ 172,820	$ 194,246	$ 161,390
Certificates of deposit	-	-	-	2,681
Assessments receivable - net	18,973	-	18,973	7,017
Income taxes refundable	-	-	-	1,263
Prepaid expenses	-	-	-	475
Prepaid insurance	5,554	-	5,554	6,371
Total Current Assets	$ 45,953	$ 172,820	$ 218,773	$ 179,197
Property and Equipment				
Building - clubhouse renovation	$ 633,819	$ -	$ 633,819	$ 633,819
Furniture and fixtures	37,794	-	37,794	37,794
Office equipment	1,481	-	1,481	1,481
Less accumulated depreciation	(103,635)	-	(103,635)	(83,862)
Total Property and Equipment	$ 569,459	$ -	$ 569,459	$ 589,232
Total Assets	$ 615,412	$ 172,820	$ 788,232	$ 768,429

Liabilities and Fund Balances

	2013 Operating Fund	2013 Reserve Fund	2013 Total	2012 Total
Current Liabilities				
Accounts payable	$ 36	$ -	$ 36	$ 3,929
Accrued interest	2,223	-	2,223	2,350
Payroll liabilities	143	-	143	1,419
Income taxes payable	438		438	-
Mortgage payable	21,954	-	21,954	20,917
Unearned assessments	780	-	780	2,698
Total Current Liabilities	$ 25,574	$ -	$ 25,574	$ 31,313
Noncurrent Liability				
Mortgage payable	$ 335,740	$ -	$ 335,740	$ 357,676
Total Noncurrent Liability	$ 335,740	$ -	$ 335,740	$ 357,676
Total Liabilities	$ 361,314	$ -	$ 361,314	$ 388,989
Fund Balances	$ 254,098	$ 172,820	$ 426,918	$ 379,440
Total Liabilities and Fund Balances	$ 615,412	$ 172,820	$ 788,232	$ 768,429

See accompanying notes and independent auditors' report.

Arbor Landing Homeowners Association, Inc.

Statements of Revenues and Expenses

Years Ended December 31, 2013 and 2012

	2013			2012
	Operating Fund	Reserve Fund	Total	Total
Revenues				
Interest income	$ 24	$ 480	$ 504	$ 683
Member assessments	203,483	32,004	235,487	231,043
Other income	13,208	-	13,208	15,078
Total Revenues	$ 216,715	$ 32,484	$ 249,199	$ 246,804
Expenses				
Building maintenance	$ 3,729	$ -	$ 3,729	$ 9,798
Common area maintenance	15,458	3,250	18,708	38,909
Depreciation	19,773	-	19,773	20,791
General and administrative	121,204	-	121,204	132,207
Pool operation	28,509	-	28,509	31,786
Utilities	9,798	-	9,798	9,520
Total Expenses	$ 198,471	$ 3,250	$ 201,721	$ 243,011
Excess of Revenues Over Expenses	$ 18,244	$ 29,234	$ 47,478	$ 3,793

See accompanying notes and independent auditors' report.

Years Ended December 31, 2013 and 2012

	Operating Fund	Reserve Fund	Total Property Owners' Equity
2013			
Beginning Balance	$ 253,125	$ 126,315	$ 379,440
Excess of Revenues Over Expenses	18,244	29,234	47,478
Permanent transfer in fund balance for interfund due to Operating Fund from the Reserve Fund that will not be paid back to the Operating Fund in accordance with generally accepted accounting principles.	(17,271)	17,271	-
Ending Balance	$ 254,098	$ 172,820	$ 426,918
2012			
Beginning Balance	$ 242,885	$ 132,762	$ 375,647
Excess of Revenues Over Expenses	1,866	1,927	3,793
Permanent transfer in fund balance for interfund due to Operating Fund from the Reserve Fund that will not be paid back to the Operating Fund in accordance with generally accepted accounting principles.	8,374	(8,374)	-
Ending Balance	$ 253,125	$ 126,315	$ 379,440

See accompanying notes and independent auditors' report.

Years Ended December 31, 2013 and 2012

	2013			2012
	Operating Fund	Reserve Fund	Total	Total
Cash Flows from Operating Activities				
Reconciliation of revenues over expenses to net cash provided by operating activities:				
Excess of revenues over expenses	$ 18,244	$ 29,234	47,478	$ 3,793
Allowance for doubtful accounts	-	-	-	-
Depreciation expense	19,773	-	19,773	20,791
Changes in assets and liabilities:				
Accounts payable	(3,893)	-	(3,893)	(6,802)
Assessments receivable	(11,956)	-	(11,956)	(854)
Income taxes refundable	1,263	-	1,263	60
Prepaid expenses	1,292	-	1,292	(983)
Income taxes payable	438	-	438	-
Payroll liabilities	(1,276)		(1,276)	-
Accrued expenses	(127)	-	(127)	3,749
Unearned assessments	(1,918)	-	(1,918)	(1,168)
Net Cash Provided by Operating Activities	$ 21,840	$ 29,234	$ 51,074	$ 18,586
Cash Flows from Investing Activities				
Decrease in certificates of deposit	$ -	$ 2,681	$ 2,681	$ (53)
Net Cash (Used) by Investing Activities	$ -	$ 2,681	$ 2,681	$ (53)
Cash Flows from Non-Capital Financing Activities				
Permanent transfer of interfund receivables	$ (17,271)	$ 17,271	$ -	$ -
Net Cash Provided (Used) by Non-Capital Financing Activities	$ (17,271)	$ 17,271	$ -	$ -
Cash Flows from Financing Activities				
Mortgage loan repayments	$ (20,899)	$ -	$ (20,899)	$ (17,835)
Net Cash (Used) by Financing Activities	$ (20,899)	$ -	$ (20,899)	$ (17,835)
Net Increase (Decrease) in Cash	$ (16,330)	$ 49,186	$ 32,856	$ 698
Beginning Cash Balance	37,756	123,634	161,390	160,692
Ending Cash Balance	$ 21,426	$ 172,820	$ 194,246	$ 161,390
Supplemental Disclosures:				
Income taxes paid			$ -	$ 60
Interest paid			$ 30,861	$ 28,421

See accompanying notes and independent auditors' report.

December 31, 2013

1. Nature of Activities and Summary of Significant Accounting Policies

A. Nature of Activities

Arbor Landing Homeowners Association, Inc. (the Association) is a homeowners association that was incorporated in the State of Virginia on November 22, 1989. The Association is responsible for the operation, maintenance, and preservation of facilities, property, and common areas within the Arbor Landing residential development. The Association is managed by paid staff with oversight and policy-making conducted by the Board of Directors. The Board of Directors approves and implements an annual financial budget from which the Association operates. It also monitors actual operating results versus budgeted amounts. At December 31, 2013, the community consisted of four hundred fifty-two (452) residential lots, of which seven (7) were not members of the Association, and various common areas located in Chester, Virginia.

B. 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 Operating Fund and Reserve Fund established according to their nature and purpose. The Operating Fund is used to account for financial resources available for the general operations and the day-to-day functions of the Association. The Reserve Fund is used to accumulate financial resources designated for future major repairs, capital improvements, and replacements based on the reserve study.

Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and community association manager. Disbursements from the Reserve Fund generally may only be made for designated purposes by the Board of Directors.

C. Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting. The accrual basis recognizes expenses when incurred, and income is recognized when earned.

D. Cash and Cash Equivalents

Cash and cash equivalents include all monies in checking, savings, and money market accounts as well as highly liquid investments and certificates of deposit with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturity dates of those financial instruments.

E. Property and Equipment

Tangible personal property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expenses as incurred. Equipment purchases and expenditures for major improvements, which extend the useful lives of the assets, are capitalized. A provision for depreciation is computed using the Modified Accelerated Cost Recovery System (MACRS) used for federal income tax purposes. For furniture and fixtures the estimated lives range from five to seven years, for office equipment the estimated lives range from three to five years, and for the Building – clubhouse renovation the estimated life is thirty-nine years, under MACRS.

F. Depreciation

Depreciation is recorded using MACRS provided by the Internal Revenue Code, which prescribes rates and periods for various categories of assets in computing depreciation for income tax reporting. This is a departure from generally accepted accounting principles which require fixed assets to be depreciated over their estimated useful lives.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

H. Reserve Funds

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in a separate money market account and in certificates of deposit and are generally not available for expenditures for normal operations. The Board of Directors conducted a study in 2010 that became effective January 1, 2011, to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on current estimated replacement costs at the time of the study.

The Board of Directors is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of replacement costs and considering amounts previously accumulated in the replacement fund. Actual expenditures and investment income may vary from the estimated amounts, and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements.

The Board of Directors may increase regular assessments or delay major repairs and replacements until funds are available. If additional funds are needed, the Association has the right, subject to membership approval, to pass special assessments.

2. Real Property

Although this is not a title report or opinion, based on information obtained from the Chesterfield County, Virginia real estate assessment records, the Association appears to own the following properties in Chester, Virginia:

a. Arbor Landing Open Space Section 1 - 2.543 acres also known as 6107 Walnut Landing Way
b. Arbor Landing Section 10 Common Area - 1.712 acres also known as 11106 Summer Arbor Lane
c. Arbor Landing Open Space Section 4 - n/a acres also known as 6201 Bent Tree Place
d. Arbor Landing Section 5 Open Space - 1.97 acres also known as 11806 Cedar Landing Trail
e. Arbor Landing Section 6 Open Space - 1.86 acres also known as 5901 Ironbridge Parkway
f. Arbor Landing Section 9 Common Area - .38 acres also known as 6535 Arbor Landing Drive
g. North of Route 10 Parcel B - 5.9 acres also known as 6201 Ironbridge Parkway includes the clubhouse and the following miscellaneous improvements:

    (1) Swimming pools
    (2) Paved concrete area
    (3) Bath house
    (4) Gazebo
    (5) Tennis court
    (6) Chain link fence
    (7) Paved asphalt area

The Association is responsible for preserving and maintaining the common property. The disposition and use of this property is restricted by the Association's governing documents. Each member of the Association has a beneficial or undivided interest in such property.

None of the above referenced assets have been recognized as assets of the Association.

3. Property and Equipment

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013
Depreciable Property and Equipment:				
Building – clubhouse renovation	$ 633,819	$ -	$ -	$ 633,819
Furniture and fixtures	37,794	-	-	37,794
Office equipment	1,481		-	1,481
Total Depreciable Property and Equipment	$ 673,094	$ -	$ -	$ 673,094
Less Accumulated Depreciation:				
Building – clubhouse renovation	$ (54,859)	$ (16,252)	$ -	$ (71,111)
Furniture and fixtures	(27,816)	(3,376)	-	(31,192)
Office equipment	(1,187)	(145)	-	(1,332)
Total Accumulated Depreciation	$ (83,862)	$ (19,773)	$ -	$ (103,635)
Property and Equipment - Net	$ 589,232	$ (19,773)	$ -	$ 569,459

4. Income Taxes

The Association may choose an annual election under Internal Revenue Code Section 528, whereby it may exclude assessments received from members (net of related expenses) from its taxable income determination, effectively subjecting only its non-exempt income to federal and state income taxes. The alternate method is to determine its taxable income under Section 277, which is similar to the method used by a regular corporation. If the net tax result under Section 528 is more favorable to the Association, the annual election is made when filing the tax return. The Association elected to be taxed under Section 528 in 2013 and 2012.

The organization has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Association's continued use of Internal Revenue Code Section 528 and whether there are non-exempt business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) to be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Association files Form 1120-H tax returns in the U.S. federal jurisdictions and Form 500 in the state of Virginia. The tax years that are open and subject to examination by the Internal Revenue Service are 2013, 2012, 2011, and 2010.

5. Assessments Receivable

Association members are subject to assessments used to provide funds for operating expenses, major repairs, and future replacements. For the year ended December 31, 2013 annual assessments were designated for operating expenses and for reserve expenses. Thirty-eight dollars of the monthly assessments was designated for operations and six dollars of the monthly assessments was designated for reserve expenditures. Any excess assessments at year-end are retained by the Association for use in the following year.

Arbor Landing Homeowners Association, Inc.

Required Supplementary Information

Year Ended December 31, 2013

Assessments receivable at the balance sheet date represent assessments due from unit owners for dues, fees, and late charges. Assessments receivable for the years ended December 31, 2013 and 2011, are as follows:

	2013	2012
Assessments receivable	$ 19,658	$ 7,702
Allowance for doubtful accounts	(685)	(685)
Assessments receivable - net	$ 18,973	$ 7,017

Late charges are posted to delinquent accounts that become thirty days or more past due. Legal costs are charged as they are incurred. It is the opinion of the Association's Board of Directors that, in the absence of foreclosure or personal bankruptcy proceedings of the delinquent members, the Association will ultimately prevail in most instances. However, the Association has adopted the allowance for doubtful accounts method to provide for assessments which may not be collected.

Bad debts are expensed using the allowance method. The Association has calculated an allowance for doubtful accounts at an amount which actual bad debts are reasonably expected not to exceed. The allowance is calculated based on a detailed review of outstanding receivables, and takes into account the historical payment habits of the members. Periodically, the Association's Board of Directors and management review past due receivables and write-off specific accounts which are deemed uncollectible, after all reasonable collection efforts have been exhausted.

6. Interest Costs

The total amount of interest costs expensed in 2013 was $30,861. The total amount of interest costs expensed in 2012 was $28,421.

7. Concentration of Credit Risk

The Association maintains its cash balances at two financial institutions. The accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each institution. The Association had no uninsured cash balances at December 31, 2013 and 2012.

8. Mortgage Payable

The mortgage payable is a commercial real estate term loan for $435,500. The loan is dated October 1, 2009, and matures on October 1, 2024. Interest is fixed at 7.21% for the term of the loan. Payments of $3,991, representing principal and interest, are due on the first of each month beginning on November 1, 2009. Collateral for this loan consists of the existing clubhouse and all renovations. The following shows the debt and future maturities:

Mortgage Payable	$ 357,694
Less Current Portion	(21,954)
Noncurrent Portion	$ 335,740
Future Maturities:	
2014	$ 21,954
2015	24,199
2016	25,964
2017	27,992
2018	29,980
Thereafter	227,605
	$ 357,694

9. Lease Commitment

The Association is obligated under a non-cancelable lease agreement for payments for a Xerox 7225 copier for sixty months. Rental expense for 2013 for this copier was $990.40. This is classified in general and administrative expenses on the Statements of Revenues and Expenses. Annual minimum lease payments for future calendar years are as follows:

2014	$ 2,376.96
2015	2,376.96
2016	2,376.96
2017	2,376.96
2018	1,386.56

10. Evaluation of Subsequent Events

Arbor Landing Homeowners Association, Inc. has evaluated subsequent events through July 29, 2014, the date which the financial statements were available to be issued.

ANDREWS, BARWICK, & LEE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT
ON REQUIRED SUPPLEMENTARY INFORMATION

The Board of Directors of
Arbor Landing Homeowners Association, Inc.
Chester, Virginia

We have audited the financial statements of Arbor Landing Homeowners Association, Inc. as of and for the years ended December 31, 2013 and 2012, and our report thereon dated July 29, 2014, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

Accounting principles generally accepted in the United States of America require that Future Major Repairs and Replacements on pages 14-15 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.

Andrews, Barwick, + Lee

Andrews, Barwick, & Lee, P.C.
Certified Public Accountants
Colonial Heights, Virginia
July 29, 2014

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REQUIRED SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2013
(UNAUDITED)

In July 2010, the Board of Directors completed a reserve study to estimate the remaining useful lives and replacement costs of the components of common property and to estimate the amount of funding needed for the Reserve Fund. It is expected that the reserve study should be updated every year to reflect changes in property conditions and replacement costs.

The reserve study uses the replacement cost for the capital components minus the current reserve for that item which is then divided by the remaining useful life in years to determine the amount to reserve annually. Replacement cost is determined by researching replacement values by public search of similar items. No specific estimates by contractors are made. As items are replaced the actual cost is used as the new replacement value. Useful life is as represented by the manufacturer or contractors providing similar items and the specific experience of Arbor Landing Homeowners Association. The reserves are not a savings account for the purchase of additional capital components. Interest or inflation is not considered as the study is to be reviewed annually.

The December 31, 2013, actual cash balance is $172,820. The accumulation of reserve funds is based on this study. Actual expenditures may vary and that variance may be significant. The following table is based on the 2010 study and presents significant information about the components of common property at the time of the study. The remaining useful lives are as of the date of the study (July 2010).

Components	Useful Life (Years)	Estimated Replacement Cost	2013 Funding Requirement	Reserve Fund Cash Balance 12/31/13
Asphalt parking lot coating	20	$ 7,000		
Concrete curb and gutter	40	$45,000		
Storm sewers	40	$25,000		
Concrete exposed aggregate walks	35	$10,500		
Brick pavers in front of clubhouse	16	$3,000		
Wood retaining wall above tennis court	30	$49,000		
Clubhouse sign	20	$2,000		
Dumpster trash enclosure	10	$4,000		
Pool fence	15	$20,000		
Tennis court chain link fence	20	$7,500		
Tennis court surface coat	10	$16,000		
Tennis court underlying asphalt	30	$15,000	No	
Tot lot equipment	25	$20,000	Allocation	
Concrete pool deck	15	$22,000	Has Been	
Pool coping stones	9	$8,500	Made	
Pool re-caulking	9	$3,500	Under This	
Pool re-surface	9	$20,000	Funding	
Pool gazebo	15	$3,500	Method	
Pool accessories; ladders, guard tower	8	$4,500		

See accompanying notes and independent auditors' report on required supplementary information.

Components	Useful Life (Years)	Estimated Replacement Cost	2013 Funding Requirement	Reserve Fund Cash Balance 12/31/13
Pool furnishings; chairs, etc.	8	$6,500		
Pool house exterior refurbishing	12	$12,000		
Pool house interior refurbishing	7	$7,500		
Pool equipment; pumps, filter system	12	$12,000		
Clubhouse heat pumps (3)	12	$30,000		
Exterior porch railings	15	$18,000		
Chimney	20	$11,800		
Clubhouse vinyl siding	15	$23,400		
Roof shingles	50	$6,000		
Exterior windows	15	$30,000		
Exterior doors	15	$20,000		
Security system	7	$1,200		
Electrical panel boards	30	$6,500		
Carpet	6	$4,200		
Vinyl tile floors	6	$2,000		
Toilet room refurbish (3)	12	$2,500		
Kitchen cabinets and countertops	15	$24,000		
Clubhouse furniture, stereo and tv	15	$42,000		
Irrigation system	12	$9,000		
Deck around the clubhouse	25	$30,000		
Wood floors	20	$9,000		
Brick outdoor grill	30	$2,500		
Kitchen and bar appliances	20	$6,500		
Lighting fixtures inside and out	20	$9,000		
		$ 611,600	$ 44,284	$ 172,820

See accompanying notes and independent auditors' report on required supplementary information.

Arbor Landing Homeowners Association, Inc.

Supplementary Information

Year Ended December 31, 2013

ANDREWS, BARWICK, & LEE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

The Board of Directors of
Arbor Landing Homeowners Association, Inc.
Chester, Virginia

We have audited the financial statements of Arbor Landing Homeowners Association, Inc. as of and for the years ended December 31, 2013 and 2012, and our report thereon dated July 29, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 2 and 3. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Budget Comparison, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Andrews, Barwick, + Lee

Andrews, Barwick, & Lee, P.C.
Certified Public Accountants
Colonial Heights, Virginia
July 29, 2014

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Arbor Landing Homeowners Association, Inc.

Schedule of Budget Comparison - Operating Fund (Unaudited)

Year Ended December 31, 2013

	Actual	Budget (Unaudited)	Favorable (Unfavorable)
Revenues			
Member assessments	$ 203,483	$ 202,704	$ 779
Other income	13,232	13,537	(305)
Total Revenues	$ 216,715	$ 216,241	$ 474
Expenses			
Building Maintenance			
Clubhouse building expense	$ 734	$ 3,000	$ 2,266
Exterminating	747	1,100	353
Janitorial service	61	3,200	3,139
Maintenance and repairs	2,187	500	(1,687)
Total Building Maintenance	$ 3,729	$ 7,800	$ 4,071
Common Area Maintenance			
Grounds maintenance	$ 11,511	$ 13,100	$ 1,589
Irrigation expense	1,282	1,200	(82)
Miscellaneous	2,665	1,300	(1,365)
Total Common Area Maintenance	$ 15,458	$ 15,600	$ 142
General and Administrative			
Bad debt expense	$ 1,476	$ -	$ (1,476)
Insurance	17,306	16,000	(1,306)
Interest	30,861	47,897	17,036
Leased office equipment	1,727	4,300	2,573
Legal and professional	14,377	6,500	(7,877)
Miscellaneous	2,923	3,846	923
Office	5,539	7,100	1,561
Payroll expense	36,507	52,000	15,493
Security	7,929	10,150	2,221
Social functions	2,559	5,544	2,985
Total General and Administrative	$ 121,204	$ 153,337	$ 32,133
Pool Operation			
Pool operation	$ 27,358	$ 20,500	$ (6,858)
Pool maintenance	1,151	9,800	8,649
Total Pool Operation	$ 28,509	$ 30,300	$ 1,791
Utilities			
Cable	$ 1,904	$ 1,500	$ (404)
Electricity and gas	5,142	5,816	674
Refuse	846	888	42
Water and sewer	1,906	1,000	(906)
Total Utilities	$ 9,798	$ 9,204	$ (594)
Depreciation	$ 19,773	$ -	$ (19,773)
Total Expenses	$ 198,471	$ 216,241	$ 17,770
Excess of Revenues Over Expenses	$ 18,244	$ -	$ 18,244

See accompanying notes and independent auditors' report on supplementary information.