

Wind Meadows Corporation

Audited Financial Statements
With Independent Auditor's Report
For the Year Ended December 31, 2019

Wind Meadows Corporation

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April 28, 2020

To the Board of Directors
Wind Meadows Corporation
Wind Point, Wisconsin

We have audited the accompanying financial statements of Wind Meadows Corporation, which comprise the Balance Sheet – Cash Basis as of December 31, 2019 and the related Statements of Revenues, Expenses, and Changes in Members' Equity – Cash Basis 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 the cash basis of accounting; 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 Wind Meadows Corporation as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with the cash basis of accounting.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted the information about the estimates of future costs of major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Gordon J. Maier & Company, LLP

Gordon J. Maier & Company, LLP
Certified Public Accountants

Wind Meadows Corporation
Balance Sheet-Cash Basis
December 31, 2019

Assets

Current Assets

Cash - Contingency

1082C - Svgs Contingency CAB - PSA 2	\$4,181.08
1083C - Svgs Contingency CAB - PSA 3	\$286.18
1084C - Svgs Contingency CAB - PSA 4	\$235.82
1085C - Svgs Contingency CAB - PSA 5	\$166.67
1087C - Svgs Contingency CAB - PSA 7	\$0.33
1088/8C - Svgs Contingency CAB - PSA 8	\$1,007.40
1088C - Svgs Contingency CAB - LC	\$1,605.60

<u>Cash - Contingency Total</u>	<u>\$7,483.08</u>
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Cash Operating

1020 - Cash - Checking - CAB	(Note B)	\$93,084.16
1021 - Cash - Special Assessment - 2019		\$16,350.49
1023 - Cash - Special Assessment - PSA 3		\$1,149.70
1024 - CASH/SVGS. SPEC ASSESS - PSA 4		\$33,463.77
1025 - CASH - SPECIAL ASSESSMENT - PSA 5	(Note B)	\$2,989.35
1026 - Cash/Svgs. Spec Assess - PSA 6		\$9,773.38

<u>Cash Operating Total</u>	<u>\$156,810.85</u>
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Current Assets Total	\$ 164,293.93
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Noncurrent Assets

Cash - Reserves

1071C - Capital Reserve-CAB PSA 1	\$90,115.29
1072C - Capital Reserve-CAB PSA 2	\$37,230.43
1072LMC - Cap Res- Lndmrk - Ck- PSA 2	\$11.28
1073C - Capital Reserve-CAB PSA 3	\$13,665.68
1075C - Capital Reserve - CAB PSA 5	\$84.26
1076C - Capital Reserve-CAB PSA 6	\$26,455.30
1078/8C - Capital Reserve-CAB PSA 8	\$18,497.35
1078C - Capital Reserve-CAB LC	\$39,959.33
1079C - L/C-Cash-Tree Fund Account	(Note B) \$2,502.58

<u>Cash - Reserves Total</u>	<u>\$228,521.50</u>
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<i>Assets Total</i>	<u>\$392,815.43</u>
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Liabilities and Equity

Members' Equity

32000 - Members' Equity	<u>392,815.43</u>
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<i>Liabilities & Members' Equity Total</i>	<u>\$392,815.43</u>
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The Accompanying Notes are an integral part of these Financial Statements

Wind Meadows Corporation
Statements of Revenues, Expenses & Changes in Members' Equity-Cash Basis
For the Year Ended December 31, 2019

<u>Accounts</u>	<u>Actual</u>	
Income		
<u>Income</u>		
3010 - Monthly Assessments	\$734,549.00	
3011 - Capital Allocation	(\$76,879.33)	
3012 - PSA Allocation to LC/CA	(\$155,785.92)	
3013 - PSA Allocation to Admin	(\$152,276.04)	
3021 - LC/CA Allocation - PSA 1	\$33,522.96	
3022 - LC/CA Allocation - PSA 2	\$14,297.04	
3023 - LC/CA Allocation - PSA 3	\$10,353.00	
3024 - LC/CA Allocation - PSA 4	\$54,722.04	
3025 - LC/CA Allocation - PSA 5	\$2,958.00	
3026 - LC/CA Allocation - PSA 6	\$13,803.96	
3027 - LC/CA Allocation - PSA 7	\$18,240.96	
3028 - LC/CA Allocation - PSA 8	\$7,887.96	
3031 - Admin Allocation - PSA 1	\$32,768.04	
3032 - Admin Allocation - PSA 2	\$13,974.96	
3033 - Admin Allocation - PSA 3	\$10,119.96	
3034 - Admin Allocation - PSA 4	\$53,489.04	
3035 - Admin Allocation - PSA 5	\$2,891.04	
3036 - Admin Allocation - PSA 6	\$13,493.04	
3037 - Admin Allocation - PSA 7	\$17,829.96	
3038 - Admin Allocation - PSA 8	\$7,710.00	
3131 - Late Fees	\$490.00	
3150 - Pool Guests & Lesson-LC/CA	\$1,327.75	
3160 - Cleaning Fees	\$6,575.00	
3840 - Interest Income	\$67.33	
9011 - Spec Assess Income - PSA 1	\$54,400.00	(Note D)
9013 - Spec Assess Income - PSA 3	\$67,400.00	(Note D)
9014 - Spec Assess Income - PSA 4	\$38,100.00	(Note D)
9015 - Spec Assess Income - PSA 5	\$6,300.00	(Note D)
9016 - Spec Assess Income - PSA 6	\$18,050.00	(Note D)
<u>Total Income</u>	<u>\$850,379.75</u>	

The Accompanying Notes are an integral part of these Financial Statements.

Wind Meadows Corporation
Statements of Revenues, Expenses & Changes in Members' Equity-Cash Basis
For the Year Ended December 31, 2019

Accounts	Actual
Expense	
<u>LC Expenses</u>	
6011 - TC - Supplies & Utilities	\$609.38
6012 - TC - Repair & Maint.	\$248.73
6020 - LC/CA Utilities	\$7,511.70
6021 - LC/CA Supplies	\$1,478.06
6022 - LC/CA - Repair & Maint.	\$4,183.91
6030 - Pool - Guard & Staff	\$11,729.40
6031 - Pool - Supplies	\$6,979.19
6032 - Pool - Repairs & Maint.	\$7,390.62
6041 - Prof. Mgmt. - Pool Manager	\$3,043.96
6050 - Cleaning - Parties	\$4,130.00
6051 - Cleaning - General	\$5,305.00
6055 - Sec. Expense - LC/CA	\$278.52
6060 - Real Estate Taxes	\$5,213.21
<u>Total LC Expenses</u>	\$58,101.68
 <u>LC/CA Expenses</u>	
6069 - Grds. Maint. - General - CA	\$6,545.14
6070 - Grds. Maint. - Cont. - CA	\$47,526.55
6071 - Snow Removal - LC	\$6,586.20
6072 - Insurance - LC/CA	\$3,587.32
6180 - Miscellaneous Expense	\$3,161.93
<u>Total LC/CA Expenses</u>	\$67,407.14
 <u>General Expenses</u>	
6111 - Grds. Maint. - Contract	\$138,859.50
6112 - Grds. Maint. - General	\$47,016.90
6120 - Snow Removal	\$50,514.26
6121 - Building Maint.	\$33,084.30
6122 - Entrance/Parking Lights	\$4,918.28
6123 - Sump Pumps	\$616.34
6125 - Sewer Cleanout Expense	\$625.00
6126 - Insurance	\$43,146.68
6127 - Conting. Res. Trsf	\$796.67
<u>Total General Expenses</u>	\$319,577.93

The Accompanying Notes are an integral part of these Financial Statements.

Wind Meadows Corporation
Statements of Revenues, Expenses & Changes in Members' Equity-Cash Basis
For the Year Ended December 31, 2019

Accounts	Actual	
<u>Admin Expenses</u>		
6162 - Admin Utilities	\$2,122.52	
6163 - Office Supplies	\$4,196.40	
6164 - Street Light - Electricity	\$3,702.34	
6165 - Street Light - Supplies	\$2,110.27	
6166 - Professional Services	\$8,888.71	
6167 - Ins. - Directors Liability	\$217.00	
6168 - Pro. Mgmt. - Accounting	\$20,461.91	
6169 - Professional Management	\$108,092.66	
6170 - Mgmt - Meetings	\$485.24	
<u>Total Admin Expenses</u>	\$150,277.05	
<u>Special Assessment Expense (Note D)</u>		
6181 - Special Assess Exp - PSA 1	\$38,049.51	
6183 - Special Assess Exp - PSA 3	\$78,730.92	
6184 - Special Assess Exp - PSA 4	\$4,636.23	
6186 - Special Assess. Exp. - PSA 6	\$8,276.62	
6187 - Special Assess Exp - PSA 5	\$3,310.65	
<u>Total Special Assessment Expense</u>	\$133,003.93 (Note D)	
Total Expense		\$728,367.73
Operating Net Income (Loss)		\$ 122,012.02
Reserve Income		
<u>Reserve Income</u>		
9100 - Cap. Res. Interest Income	\$1,511.84	
9995 - Trsf. to Cap. Reserve	\$76,879.33	
<u>Total Reserve Income</u>		\$78,391.17
Reserve Expense		
<u>Expense</u>		
7000 - Capital Expenses	\$109,899.93	
<u>Total Reserve Expense</u>		\$109,899.93
Reserve Net Income (Loss)		(\$31,508.76)
Total Net Income (Loss)		\$ 90,503.26
Addition of PSA5 in 2019 - Cash		\$ 2,092.60
Contingency Reserve Transfer (Acct #6127)		\$ 796.67
Members' Equity - December 31, 2018		\$ 299,422.90
Members' Equity - December 31, 2019		\$ 392,815.43

The Accompanying Notes are an integral part of these Financial Statements.

Wind Meadows Corporation
Notes to Financial Statements
December 31, 2019

Note A. Nature of Organization

The Wind Meadows Corporation (Association) is a statutory condominium association incorporated in the State of Wisconsin on November 13, 1975. The Association is responsible for the operation and maintenance of the common property of Wind Meadows Corporation. The Association is approximately 250 acres and consists of 168 Condominium Homes and 148 Single Family Homes located in the Village of Wind Point in Racine Wisconsin. The Association was formed to provide for the harmonious, beneficial, and proper use of the property and all units, together with mutually beneficial restrictions and obligations with respect to the use and maintenance of the property. The Association's mission is to promote, enhance and protect the value, desirability, appearance and aesthetics of the property.

Note B. Summary of Significant Accounting Policies

Basis of Accounting

The policy of the Association is to prepare its financial statements on the cash basis of accounting. Under this basis of accounting, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. This cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. Accordingly, assessments receivable, trade accounts payable, accrued expenses, and assessments received in advance are not included in these financial statements.

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. Some members pay assessments in advance. At December 31, 2019, the Association had Monthly Assessments received in advance of \$20,837.00 and Special Assessments received in advance of \$19,477.00. At December 31, 2019, the Association had delinquent Monthly Assessments of \$971.00 and Special Assessments of \$7,300.00. It is the opinion of the board of directors that the Association will ultimately prevail against homeowners with delinquent assessments and, accordingly, no allowance for uncollectible accounts is deemed necessary.

Cash

The Association maintains its operating, checking, and money market accounts at Community Association Bank (CAB). The checking account balance on December 31, 2019 was \$98,634.70 which consists of Cash Checking (1020) and Cash-SA-PSA5 (1025). The money market accounts were \$294,228.06. The Association has a special savings account at Johnson Bank with a balance of \$2,503.85. Accounts at CAB are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.00. At December 31, 2019, the bank had \$395,366.61 on deposit of which \$142,862.76 was not insured by the FDIC

This information is an integral part of these Financial Statements

Note C. Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2019. Under that section, the Association is not taxed on income and expenses related to its exempt purpose, which is acquisition, construction, management, maintenance and care of Association property.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2016, 2017, and 2018 remain open to examination by the Internal Revenue Service.

Note D. Future Major Repairs and Replacements

The Association's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements. The Association has not conducted a study to determine the remaining useful lives of the components of common property or estimates of the costs of major repairs and replacements that may be required in the future. However, the board of directors has looked at the items that need to be replaced or repaired and has set a budget annually to fund these needs from regular assessments. In addition to regular monthly assessments, special assessments have been assessed for major tree removal throughout the Association which is over and above the regular operating budget.

For the year ended December 31, 2019, the amount collected for major repairs and tree removal was \$202,300.00. The amount expensed for the year ended December 31, 2019 was \$133,033.93.

Note E. Concentrations of Risk

The Association's operations are located in the Village of Wind Point in Racine Wisconsin. For the year ended December 31, 2019, 99% of the revenue was derived from member assessments. This consists of monthly assessments and special assessments.

Note F. Subsequent Events

Subsequent events have been evaluated through April 28, 2020, which is the date the financial statement notes were prepared with Financial Statements dated December 31, 2019.