

**BLOOMFIELD VILLAGE ASSOCIATION**  
(A Michigan Non-Profit Corporation)

Bloomfield Village, Michigan

Financial Statements  
For the Years Ended December 31, 2015 and 2014

**BLOOMFIELD VILLAGE ASSOCIATION**

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**Independent Auditor's Report**

To the Board of Trustees  
Bloomfield Village Association  
Bloomfield Township, Michigan

We have audited the accompanying financial statements of Bloomfield Village Association (a Michigan Non-Profit Corporation), which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and members' equity 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.

**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 qualified audit opinions.

**Basis for Qualified Opinions**

As more fully described in Note 2 to the financial statements, all improvements and purchases of property and equipment have been charged to expense by the Association in the accompanying financial statements. Accounting principles generally accepted in the United States of America require that the cost of fixed assets be allocated to expense over the expected useful life of the asset in a systematic and rational manner, with consideration given to salvage value. Quantification of the effects on the financial statements of the preceding practice is not practicable.

**Qualified Opinions**

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinions paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bloomfield Village Association as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

As discussed in Note 4 to the financial statements, management has omitted supplementary information about future 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, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Restriction on Use**

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

*Bucciero & Associates, P.C.*

Bucciero & Associates, P.C.  
Troy, Michigan  
May 13, 2016

# BLOOMFIELD VILLAGE ASSOCIATION

## Balance Sheets As of December 31, 2015 and 2014

### ASSETS

	<u>12/31/2015</u>	<u>12/31/2014</u>
<b>Current Assets</b>		
Cash	\$ 149,857	\$ 168,306
Accounts receivable--members	903	1,372
Less: Allowance for doubtful accounts	-	(384)
Accounts receivable--bulletin	800	-
Other receivables	12,650	946
Refundable Federal income tax	-	169
Prepaid expense	2,887	6,969
	<u>2,887</u>	<u>6,969</u>
Total current assets	<u>\$ 167,097</u>	<u>\$ 177,378</u>

### LIABILITIES AND MEMBERS' EQUITY

#### Current Liabilities

Accounts payable	\$ 10,323	\$ 2,941
Refundable member assessments	-	4,356
Federal income tax payable	400	-
Accrued expense	10,816	52
	<u>10,816</u>	<u>52</u>
Total current liabilities	21,539	7,349

#### Members' Equity

	<u>145,558</u>	<u>170,029</u>
	<u>\$ 167,097</u>	<u>\$ 177,378</u>

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

**BLOOMFIELD VILLAGE ASSOCIATION**

**Statements of Operations and Members' Equity  
For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>		
Member assessments	\$ 133,877	\$ 186,109
Advertising	25,900	17,910
Interest	191	270
Miscellaneous	372	994
Total revenues	<u>160,340</u>	<u>205,283</u>
<b>Expenses:</b>		
Bad debt expense	400	1,100
Bulletin	17,528	12,674
Federal income tax	869	449
Grounds maintenance	34,638	38,113
Insurance	20,007	17,298
Management fees	66,000	66,000
Meetings, awards and dinners	5,804	7,649
Office and telephone	4,372	6,535
Other expense	884	200
Professional fees	20,186	19,649
Recovery of professional fees	-	(40,389)
Road study	1,131	-
Sign maintenance	9,160	1,655
Village Hall maintenance	2,223	2,505
Website	1,609	2,013
Total expenses	<u>184,811</u>	<u>135,451</u>
(Deficiency) excess of revenue over expenses	(24,471)	69,832
<b>Beginning Members' Equity</b>	<u>170,029</u>	<u>100,197</u>
<b>Ending Members' Equity</b>	<u>\$ 145,558</u>	<u>\$ 170,029</u>

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

# BLOOMFIELD VILLAGE ASSOCIATION

## Statements of Cash Flows For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities:</b>		
(Deficiency) excess of revenues over expenses	\$ (24,471)	\$ 69,832
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash (used) provided by operating activities:		
Decrease (increase) in receivables, net of allowance	(12,419)	13,460
Decrease in refundable Federal income tax	169	449
Decrease (increase) in prepaid expense	4,082	(5,811)
Increase (decrease) in accounts payable	7,382	(4,246)
Increase (decrease) in accrued expense	10,764	(198)
Increase (decrease) in refundable member assessments	(4,356)	4,356
Increase in Federal income tax payable	400	-
Net cash (used) provided by operating activities	<u>(18,449)</u>	<u>77,842</u>
<b>Net (decrease) increase in cash</b>	(18,449)	77,842
<b>Cash, beginning of year</b>	<u>168,306</u>	<u>90,464</u>
<b>Cash, end of year</b>	<u>\$ 149,857</u>	<u>\$ 168,306</u>
<b>Supplemental Information:</b>		
<b>Income taxes paid</b>	<u>\$ 300</u>	<u>\$ -</u>

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

# BLOOMFIELD VILLAGE ASSOCIATION

## Notes to Financial Statements For the Years Ended December 31, 2015 and 2014

### Note 1 - Nature of Organization

Bloomfield Village Association (the Association) is incorporated as a non-profit corporation in the State of Michigan for the purposes of operating and maintaining the common property of Bloomfield Village Association. Bloomfield Village Association consists of 991 members located in Bloomfield Township, Michigan. The Association began its operations in April, 1942. Members are subject to annual assessments to provide funds for the Association's expenses.

### Note 2 – Summary of Significant Accounting Policies

This summary of significant accounting policies of the Association is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements with the exception of the fixed assets policy described below.

**General** – The Association maintains its accounting records on the accrual basis.

**Accounts Receivable** – Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable--members at the balance sheet date represent fees due from members. The Association records an allowance for uncollectible amounts. The Association's policy is to retain legal counsel and place liens on the properties of members whose assessments are delinquent or over one year past due. It is the opinion of management that the Association will ultimately prevail against the remaining homeowners whose assessments are delinquent unless the home is in foreclosure. Uncollectible dues are written off when that determination has been made. All late or interest fees on unpaid amounts are recognized as income when paid and the lien is discharged.

**Fixed Assets** –The Association owns various furniture and equipment. The Association expenses such items when purchased.

**Refundable Member Assessments** – Refundable member assessments relate to excess assessments collected from the members.

**Members' Equity** – All equity balances are considered unrestricted.

**Income Taxes** – The Association files its income tax return in accordance with Internal Revenue Code Section 501(c). As of December 31, 2015, the Association's tax returns for current and three prior years are subject to audit by the Internal Revenue Service under the general statute of limitations for three years from the filing date.

**Common Property** – The Association owns three parcels of common real property. These parcels are not considered saleable and are designated as "park land". The Association's base of operations is located inside the Village Hall, which the Association uses at no cost under an agreement with Bloomfield Township. The Association uses the direct expense method of accounting for planned major maintenance activities.

## **BLOOMFIELD VILLAGE ASSOCIATION**

### **Notes to Financial Statements For the Years Ended December 31, 2015 and 2014**

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

**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 affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of Management’s Review** – Subsequent events have been evaluated through May 13, 2016 which is the date the financial statements were available to be issued.

#### **Note 3 – Related Party Transactions**

During the year ended December 31, 2014, the Association paid fees totaling \$433 to a relative of the Village Manager for maintenance services.

#### **Note 4 – Future Major Repairs and Replacements**

The Michigan Condominium Act requires that the Association maintain a fund for the major repairs and replacements of at least 10% of the current annual operating budget on a non-cumulative basis. The Association complied with this requirement during 2015 and 2014.

The Association’s governing documents do not require that funds for future major repairs and replacements be segregated. These funds are included in the Association’s operating cash accounts.

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, levy additional assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

#### **Note 5 – Recovery of Professional Fees**

The Association was involved in a legal dispute at December 31, 2013 regarding recovery of attorney fees. The Association was sued in 2012 by a member regarding architectural guidelines and the Association’s insurance carrier refused to pay the attorney fees to defend said dispute. Subsequently, the Association sued the insurance carrier to recover the legal fees incurred to defend itself against the member. The Association received an out of court settlement from the insurance carrier in the amount, net of legal fees, of \$40,389 in March 2014. This recovery has been reported as a separate line item on the 2014 Statement of Operations and Members’ Equity.