
American Institute of Certified Public Accountants. Technical Publications

Arthur Kappel
Checklists and Illustrative Financial Statements for Common Interest Realty Associations

A Financial Accounting and Reporting Practice Aid

DECEMBER 1995 EDITION

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
Checklists and Illustrative Financial Statements for Corporations

Checklist Supplements and Illustrative Financial Statements
Checklist Supplement and Illustrative Financial Statements for Construction Contractors
Checklist Supplement and Illustrative Financial Statements for Investment Companies
Checklist Supplement and Illustrative Financial Statements for Real Estate Ventures

Industry Checklists and Illustrative Financial Statements
Checklists and Illustrative Financial Statements for Agricultural Cooperatives
Checklists and Illustrative Financial Statements for Banks and Savings Institutions
Checklists and Illustrative Financial Statements for Colleges and Universities
Checklists and Illustrative Financial Statements for Common Interest Realty Associations
Checklists and Illustrative Financial Statements for Credit Unions
Checklists and Illustrative Financial Statements for Defined Benefit Pension Plans
Checklists and Illustrative Financial Statements for Employee Health and Welfare Benefit Plans
Checklists and Illustrative Financial Statements for Finance Companies
Checklists and Illustrative Financial Statements for Health Care Providers
Checklists and Illustrative Financial Statements for Life Insurance Companies
Checklists and Illustrative Financial Statements for Not-for-Profit Organizations
Checklists and Illustrative Financial Statements for Property and Liability Insurance Companies
Checklists and Illustrative Financial Statements for State and Local Governmental Units
Checklists and Illustrative Financial Statements for Common Interest Realty Associations

A Financial Accounting and Reporting Practice Aid

Edited by
Arthur Kappel, CPA
Technical Manager, Technical Publications

Checklists and Illustrative Financial Statements for Common Interest Realty Associations has not been approved, disapproved, or otherwise acted upon by any senior technical committees of the American Institute of Certified Public Accountants or the Financial Accounting Standards Board and has no official or authoritative status.
TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>3</td>
</tr>
<tr>
<td>Checklists—General</td>
<td>5</td>
</tr>
<tr>
<td>Financial Statements and Notes Checklist</td>
<td>7</td>
</tr>
<tr>
<td>Auditors’ Reports Checklist</td>
<td>25</td>
</tr>
<tr>
<td>Accountants’ Reports on Compiled or Reviewed Financial Statements Checklist</td>
<td>29</td>
</tr>
<tr>
<td>Illustrative Financial Statements</td>
<td>35</td>
</tr>
</tbody>
</table>
FSP Section 25,000
CHECKLISTS AND ILLUSTRATIVE FINANCIAL STATEMENTS FOR COMMON INTEREST REALTY ASSOCIATIONS

.01 The checklists and illustrative financial statements included in this section have been developed by the AICPA’s Technical Publications staff as nonauthoritative technical practice aids. Readers should be aware of the following:

• These checklists include disclosures commonly encountered in CIRA financial statements and reporting issues likely to be encountered by accountants who audit, review or compile these types of financial statements; they do not include all disclosures required by GAAP or all reporting situations required by GAAS and SSARS. Further, the illustrative financial statements are intended to provide sample financial statement formats and disclosures for a hypothetical CIRA; they are not intended to illustrate all disclosures required by GAAP, nor do they illustrate all of the disclosures covered in the checklist.

• The checklists and illustrative financial statements are “tools” and in no way represent official positions or pronouncements of the AICPA.

• The checklists have been updated to include relevant accounting pronouncements through AICPA Statement on Auditing Standards No. 76, AICPA Statements on Standards for Accounting and Review Services No. 7, FASB Statement of Financial Accounting Standards No. 122, FASB Interpretation No. 41, FASB Technical Bulletin No. 94-1, AICPA Statement of Position 95-3, AICPA Audit and Accounting Guide Common Interest Realty Associations (with conforming changes as of May 1, 1994 (including any changes made in the looseleaf service as of March 31, 1995)), and EITF consensuses adopted up to and including the May 19, 1995, Emerging Issues Task Force meeting. The checklists and illustrative financial statements should be modified, as appropriate, for subsequent pronouncements. In determining the applicability of a pronouncement, its effective date should also be considered.

• The checklists and illustrative financial statements should be used by, or under the supervision of, persons having adequate technical training and proficiency in the application of generally accepted accounting principles, generally accepted auditing standards, and statements on standards for accounting and review services.

.02 Users of the checklists and illustrative financial statements are urged to refer directly to applicable authoritative pronouncements when appropriate. If you have further questions, call the AICPA Technical Hotline.

Note: This publication was extracted from sections 25,000 through 25,600 of the AICPA Financial Statement Preparation Manual (FSP).
FSP Section 25,100

Introduction

.01 In the 1960's new forms of real estate ownership emerged and the terms to describe them, such as condominiums, cooperatives, planned unit development ("PUD") and timeshare development, became common. A key feature of these forms of ownership is the existence of an association of owners referred to as a common interest realty association ("CIRA").

Condominium: Each owner has title to a defined interior space within a building and an undivided ownership interest in common property within a development, such as the grounds and recreational facilities. A condominium association generally owns no real property, but it is responsible for maintaining the common property and providing necessary services. In certain jurisdictions, condominiums may be established as condominium trusts; such entities may own the real estate and all the improvements. If they do, the accounting and reporting for condominium trusts are the same as for cooperatives.

Planned Unit Development: A form of land development in which various structures are clustered for optimal use of the property. A PUD owner buys a lot and improvements on the lot. The title to common property is held by a CIRA, generally a Homeowners’ Association ("HOA").

Cooperative: A form of ownership in which a corporation owns the common property, including all of the improvements, and is responsible for its maintenance, debt service, repairs, and so forth. The owners do not own any of the common property, but they own shares of stock of the corporation. The corporation functions in the same way as other CIRAs in maintaining common property and providing services.

Timeshare Development: A form of ownership in which each owner has a time-share interest, commonly referred to as interval use, that represents a right to use a unit in a time-share development for a specified number of weeks during a year. These types of entities may also be referred to as fractional ownership associations.

.02 Regardless of the form of ownership of a CIRA, a CIRA member has a defined ownership interest that can be transferred to buyers of their units or shares. Additionally, the CIRA member is entitled to share in the distribution of resources in the event of a liquidation. Membership in a CIRA is generally mandatory for owners and is a condition in the agreement to purchase either a unit in a condominium or shares in a cooperative.

Operating Statutes

.03 The operations of a CIRA are regulated by the individual states and not by the federal government. A CIRA derives authority for all matters from state corporate and not-for-profit statutes, declarations of covenants, master deeds, membership agreements, articles of incorporation, bylaws and board of directors’ actions. Federal regulations, however, apply to the income tax treatment of a CIRA.

Primary Accounting Methods

.04 CIRAs should report financial activities using the accrual basis of accounting. Alternatively, the cash basis of accounting may be used if the results of applying that basis do not differ significantly from the results of using the accrual basis.
.05 Fund reporting, commonly used by not-for-profit organizations, is recommended for condominium associations and homeowners’ associations. The financial statements of a cooperative are generally presented like those of commercial entities. However, a cooperative may present financial statements using fund reporting.

.06 CIRAs can generally present unclassified balance sheets. However, CIRAs having significant commercial operations, such as rental operations, should consider presenting classified balance sheets.

Structure of the Checklist

.07 Because most CIRAs use fund accounting, the checklist presents the fund accounting guidance first. Any modifications needed to reflect nonfund accounting are presented in italicized text and brackets immediately after the related funding accounting guidance.
FSP Section 25,200

Checklists—General

.01 Many auditors and accountants find it helpful to use checklists as practice aids in the preparation of financial statements and reports. Some firms have developed their own checklists for internal use and may also have specialized checklists to meet the needs of their practices, such as checklists for clients in particular industries or clients that report to the SEC. Some state CPA societies have developed checklists as practice aids that may be available to other practitioners, as well as to their own members. Some commercial publishers also include checklists in certain of their publications. However, authoritative literature does not require the use of such checklists, nor does it prescribe their format or content, which may vary.

.02 Checklists typically consist of a number of brief questions or statements that are accompanied by references to Statements on Auditing Standards, Statements on Standards for Accounting and Review Services, Statements of Financial Accounting Standards, Accounting Principles Board Opinions, Accounting Research Bulletins, AICPA Statements of Position, and the AICPA Audit and Accounting Guides. Some checklists also include references to FASB Interpretations and to selected SEC disclosure requirements. The extent of detail included in checklists varies with the judgment of the preparers on how extensively to refer to and highlight authoritative literature without developing a checklist that is too long and unwieldy. Accordingly, checklists may serve as convenient memory aids but cannot be used as a substitute for direct reference to the authoritative literature.

.03 Checklists usually provide for checking off or initialling each question or point to show that it has been considered. The format used herein is a typical one; it provides for “yes,” “no,” and “not applicable” answers and presumes that remarks would be prepared on separate cross-referenced memorandums. Some preparers, however, prefer to include space for remarks in the body of the checklist, while others prefer alternative checklist formats. For example, a checklist format may provide for the following set of answers: “not applicable,” “not material,” “in statements” and “in notes” (with provisions for indicating a cross-reference to the specific statement caption or note). Another format may provide for only two answers, “disclosed” and “not applicable.” Firms and practitioners who develop their own checklists should adopt formats that suit their needs and preferences.

.04 Checklists are generally accompanied by caveats that include all of the following points:

- Use of the checklists requires the exercise of individual professional judgment and may likely require some modification based on the circumstances of individual engagements.
- The checklists are not all-inclusive and are not intended to present minimum requirements.
- Users need to modify the checklists for any pronouncements issued subsequent to those mentioned in the checklist.

.05 If widespread circulation is expected, the preparers also generally stress the nonauthoritative or unofficial status of the checklists and disclaim responsibility for the way they may be used.
FSP Section 25,300
Financial Statements and Notes Checklist

.01 This checklist has been developed by the AICPA’s Technical Publications staff as a nonauthoritative practice aid.

.02 Explanation of References:
AAG = AICPA Audit and Accounting Guide Common Interest Realty Associations (with conforming changes as of May 1, 1994 (including any changes made in the looseleaf service as of March 31, 1995))
SFAS = FASB Statement of Financial Accounting Standards
FASBI = FASB Financial Accounting Standards Board Interpretation
APB = AICPA Accounting Principles Board Opinion
ARB = AICPA Accounting Research Bulletin
TB = Technical Bulletin issued by the staff of the FASB
AC = Reference to section number in FASB Accounting Standards—Current Text
SAS = AICPA Statement on Auditing Standards
AU = Reference to section number in AICPA Professional Standards (vol. 1)
SOP = AICPA Statement of Position

This financial statement disclosure checklist is organized into the sections listed below. Carefully review the topics listed and consider whether they represent potential disclosure items for the entity. Place a check mark by the topics or sections considered not applicable; these sections need not be completed. For example, if the entity did not enter into any nonmonetary transactions during the year, place a check by General, Section I, “Nonmonetary Transactions,” and skip this section when completing the checklist.

• General
  A. Titles and References
  B. Disclosure of Accounting Policies
  C. Organization
  D. Future Major Repairs and Replacements
  E. Accounting Changes
  F. Comparative Financial Statements
  G. Related Party Transactions
  H. Financial Instruments
  I. Nonmonetary Transactions
  J. Contingencies and Commitments
  K. Subsequent Events
  L. Risks and Uncertainties
  M. Required Supplementary Information

• Balance Sheet
  A. General
  B. Cash

1 The FASB staff issues FASB Technical Bulletins to provide guidance concerning the application of FASB Statements or Interpretations, APB Opinions, or Accounting Research Bulletins. FASB Technical Bulletins do not establish new financial accounting and reporting standards or amend existing standards.
C. Debt and Equity Securities
D. Receivables
E. Common Property
F. Depreciable Assets
G. Lessors
H. Current Liabilities
I. Notes Payable and Other Debt
J. Fund Balances
K. Shareholders' Equity

- Statement of Revenue and Expenses
- Statement of Changes in Fund Balance
- Statement of Cash Flows

**.03 Checklist Questionnaire**

### General

#### A. Titles and References

1. For a full presentation in conformity with generally accepted accounting principles (GAAP), are the following financial statements presented:
   a. Balance sheet?
   b. Statement of revenues and expenses (statement of operations)?
   c. Statement of changes in fund balances (statement of changes in shareholders' equity)?

   **Note:** For Homeowners' Associations and Condominium Associations not using fund accounting, the term “Fund Balance” should be replaced With “Members’ Equity.”
   [AAG, par. 4.02, fn.6]
   d. Statement of cash flows?
   e. Notes to financial statements?
   f. Supplementary information?
   [AAG, pars. 4.05, 4.30, and 9.09]

2. Are the financial statements suitably titled?
   [SAS 62, par. 7 (AU 623.07)]

3. Does each statement include a general reference to the notes indicating that they are an integral part of the financial statement presentation?
   [Generally Accepted]

4. Are the notes referenced to and from the applicable statement classification or appropriately captioned?
   [Generally Accepted]

#### B. Disclosure of Accounting Policies

1. Is a description of all significant accounting policies of the CIRA presented as an integral part of the financial statements?
   [APB 22, par. 8 (AC A10.102)]

2. Does disclosure of significant accounting policies encompass important judgments as to appropriateness of principles concerning recognition of revenue and allocation of asset costs to current and future periods?
   [APB 22, par. 12 (AC A10.105)]

3. Does disclosure of significant accounting policies include appropriate reference to details presented elsewhere (in the statements and notes thereto) so duplication of details is avoided?
   [APB 22, par. 14 (AC A10.107)]
4. If the CIRA presents its financial statements on an other comprehensive basis of accounting (OCBOA), is disclosure made of the basis of presentation and how that basis differs from GAAP? [SAS 62, par. 10 (AU 623.10)]

C. Organization
1. Does disclosure include information about:
   a. The CIRA's legal form (corporation or association)?
   b. The legal form of the entity for which the CIRA provides services (e.g., condominium, cooperative, etc.)?
   c. Areas it controls and the number of units (in place of the number of units, cooperative housing corporations may disclose the number of shares and time-share associations may disclose the number of weeks)?
   d. Services and subsidies provided by the developer? [AAG, par. 4.22]

D. Future Major Repairs and Replacements
1. Do the CIRA's financial statements include the following disclosures about future major repairs and replacements:
   a. Requirements in statutes or association documents to accumulate funds for major repairs and replacements?
   b. The CIRA's compliance, or lack of, with the requirements?
   c. A description of the CIRA's funding policy, if any, and compliance with that policy?
   d. A statement that funds, if any, are being accumulated based on estimated future (or current) costs, that actual expenditures may vary from these estimates, and that the variations may be material?
   e. Amounts assessed for major repairs and replacements in the current period?
   f. A statement indicating whether a study is conducted to estimate the remaining useful lives and the costs of future major repairs and replacements? [AAG, par. 4.26]

E. Accounting Changes
1. For an accounting change, does disclosure in the period of the change include:
   a. Nature of the change?
   b. Justification for the change, including an explanation of why the newly adopted principle is preferable?
   c. Effect on income? [APB 20, par. 17 (AC A06.113)]
2. For all changes in accounting principle, except those relating to a change in entity:
   a. Are prior-period financial statements, included for comparative purposes, presented as previously reported?
   b. Is the effect of the new accounting principle on the excess of revenues over expenses (income) before extraordinary items and on the net excess of revenues over expenses (net income) disclosed in the period of the change?
   c. Is the excess of revenues over expenses (income) before extraordinary items and the net excess of revenues over expenses (net income) computed on a pro forma basis shown on the face of the statement of revenues and expenses for all periods presented as if the newly adopted accounting principle had been applied during all periods affected? [APB 20, pars. 19, 21 and 25 (AC A06.115, .117 and .121)]

Yes  No  N/A

9
3. If appropriate, is the cumulative effect of a change in accounting principle shown separately between the captions "extraordinary items" and "net excess of revenues over expenses"? ("net income")?

   [APB 20, pars. 18—26 (AC A06.114—122)]

4. Is the correction of an error shown as a prior-period adjustment with disclosure of the following in the period of its discovery and correction:
   a. Nature of the error in previously issued financial statements?
   b. Effect of its correction on the excess of revenues (income) over expenses before extraordinary items and the net excess of revenues over expenses (net income)?
   [APB 20, pars. 36—37 (AC A35.105); SFAS 109, par. 288n (AC A35.103)]
   c. For single period financial statements, the effects of such restatement on the balance of retained earnings, fund balances, or members' equity at the beginning of the period and on the excess of revenues over expenses of the immediately preceding period?

F. Comparative Financial Statements

1. Has the presentation of comparative statements been considered?
   [ARB 43, Ch. 2A, pars. 1—2 (AC F43.101—102)]

2. Are the notes and other disclosures included in the financial statements of the preceding year(s) presented, repeated or at least referred to, to the extent that they continue to be of significance?
   [ARB 43, Ch. 2A, par. 2 (AC F43.102)]

3. If changes occurred in the manner of or basis for presenting corresponding items for two or more periods, are appropriate explanations of the changes disclosed?
   [ARB 43, Ch. 2A, par. 3 (AC F43.103)]

4. Is the information included for the prior period sufficient to constitute a fair presentation in conformity with GAAP?
   [AAG, par. 4.19]

G. Related-Party Transactions

   Note: Some individual board members, officers, or developers may provide the CIRA with insurance, maintenance, and management services. Such services and any other transactions with related parties may require disclosure.

1. For related-party transactions, do disclosures include:
   a. The nature of the relationships involved (e.g., parent, subsidiary and affiliated companies, board members, officers, stockholders, developers, etc.)?
   b. A description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which statements of revenues and expenses (statements of operations) are presented, and such other information deemed necessary to gain an understanding of the effects of the transactions on the financial statements?
   c. The dollar amounts of transactions for each of the periods for which statements of revenues and expenses (statements of operations) are presented and the effects of any change in the method of establishing the terms from that used in the preceding period?
   d. Amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement?
   [SFAS 57, pars. 2—4 (AC R36.102—104); AAG, par. 4.23]

2. If 10% or more of the CIRA's revenues is derived from any one source, is:
   a. That fact disclosed?
   b. The amount of revenue from each source disclosed?
   [AAG, par. 4.24]
3. Is the nature of a controlled relationship disclosed, even though there are no transactions between the enterprises, if the CIRA and one or more other enterprises are under common ownership or management control, and the existence of the control could result in operating results or financial position of the CIRA being significantly different from those that would have resulted if the CIRA were autonomous? [SFAS 57, par. 4 (AC R36.104)]

4. Are the nature and extent of leasing transactions with related parties appropriately disclosed? [SFAS 13, par. 29 (AC L10.125)]

**H. Financial Instruments**

In October 1994, the FASB issued SFAS 119, Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments, which expands the disclosure requirements for entities that hold or issue derivative financial instruments. It also amends certain disclosure requirements of SFAS 105, Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk, and SFAS 107, Disclosures about Fair Value of Financial Instruments. This section has been updated to reflect SFAS 119's amendments to SFAS 105 and 107. For entities that have not adopted SFAS 119, guidance is provided in certain footnotes in this section for applying the disclosure requirements of SFAS 105 and 107 prior to adoption of SFAS 119.

Disclosures related to derivative financial instruments are not included in the checklist because such financial instruments are rarely held or issued by a CIRA.

1. For financial instruments with off-balance-sheet risk (except for those excluded in SFAS 105), are the following disclosed, either in the body of the financial statements or in the notes, by category of financial instrument?:

   a. The face or contract amount (or notional principal amount if there is no face or contract amount)?

   b. The nature and terms, including, at a minimum, a discussion of:

      (1) The credit and market risk of those instruments?

      (2) The cash requirements of those instruments?

      (3) The related accounting policy pursuant to the requirements of APB 22 (AC A10)?

         [SFAS 105, par. 17, as amended by SFAS 119 par. 14(b) (AC F25.112)]

2. Do the disclosures in Steps 1a. and 1b. distinguish between financial instruments with off-balance-sheet risk held or issued for trading purposes, including dealing and other trading activities measured at fair value with gains and losses recognized in earnings, and financial instruments with off-balance-sheet risk held or issued for purposes other than trading? [SFAS 105, par. 17, as amended by SFAS 119, par. 14d (AC F25.112A)]

---

2 SFAS 119 is effective for fiscal years ending after December 15, 1994, except for entities with less than $150 million in total assets for which the effective date is for fiscal years ending after December 15, 1995. Earlier application is encouraged.

3 Category of financial instrument refers to class of financial instrument, business activity, risk, or other category that is consistent with the management of those instruments. If disaggregation of financial instruments is other than by class, the entity also should describe for each category the classes of financial instruments included in that category. Practices for grouping and separately identifying similar financial instruments into classes in statements of financial position, in notes to financial statements, and in various regulatory reports have developed and become generally accepted, largely without being codified in authoritative literature. In SFAS 105 (AC F25), “class of financial instrument” refers to those classifications. If the entity has not adopted SFAS 119, the disclosures in Steps 1a. and 1b. should be made by class of financial instruments rather than by category.

4 Not applicable to entities that have not adopted SFAS 119.
3. For financial instruments with off-balance-sheet risk (except for those instruments excluded by SFAS 105, paragraphs 14 and 15), do disclosures, either in the body of the financial statements or in the notes, by category of financial instrument, include:

   a. The amount of accounting loss the entity would incur if any party to the financial instrument failed completely to perform according to the terms of the contract and the collateral or other security, if any, for the amount due proved to be of no value to the entity?

   b. The entity’s policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity’s access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments?

   [SFAS 105, par. 18, as amended by SFAS 119, paragraph 14(b) (AC F25.113)]

4. Do disclosures of all significant concentrations of credit risk arising from all financial instruments, whether from an individual counterparty or groups of counterparties (except for certain insurance and investment contracts, purchase and pension obligations), include:

   a. Information about the (shared) activity, region, or economic characteristic that identifies the concentration?

   b. The amount of the accounting loss due to credit risk the entity would incur if parties to the financial instruments that make up the concentration failed completely to perform according to the terms of the contracts and the collateral or other security, if any, for the amount due proved to be of no value to the entity?

   c. The entity’s policy of requiring collateral or other security to support financial instruments subject to credit risk, information about the entity’s access to that collateral or other security, and the nature and a brief description of the collateral or other security supporting those financial instruments?

   [SFAS 105, par. 20 (AC F25.115)]

5. Is the fair value of financial instruments for which it is practicable to estimate that value (except for those excluded in paragraphs 8 and 13 of SFAS 107) disclosed, together with the related carrying amount in a form that makes it clear whether the fair value and carrying amount represent assets or liabilities and how the carrying amounts relate to what is reported in the statement of financial condition, either in the body of the financial statements or in the accompanying notes?

   [SFAS 107, par. 10, as amended by SFAS 119, par. 15a-b (AC F25.115C)]

6. Do the disclosures in Step 5 distinguish between financial instruments held or issued for trading purposes, including dealing and other trading activities measured at fair value with gains and losses recognized in earnings, and financial instruments held or issued for purposes other than trading?

   [SFAS 107, par. 10, as amended by SFAS 119, par. 15c (AC F25.115)]

7. Are the method(s) and significant assumptions used to estimate the fair value of financial instruments disclosed?

   [SFAS 107, par. 10 (AC F25.115C)]

---

5 See footnote 2. If the organization has not adopted SFAS 119, the disclosures in Step 3 should be made by class of financial instrument rather than by category.

6 SFAS 107 is effective for fiscal years ending after December 15, 1992, except for entities with less than $150 million in total assets for which the effective date is for fiscal years ending after December 15, 1995. Earlier application is encouraged.

7 If disclosed in more than a single note, one of the notes should include a summary table containing the fair value and related carrying amounts and cross-references to the location(s) of the remaining disclosures required by SFAS 107, as amended.

8 Not applicable to entities that have not adopted SFAS 119.

9 See footnote 8.
8. If it is not practicable to estimate the fair market value of a financial instrument, do disclosures include:
   a. Information pertinent to estimating the fair value of the financial instrument or class of financial instruments, such as the carrying amount, effective interest rate, and maturity?
   [SFAS 107, par. 14 (AC F25.115)]
   b. The reasons why it is not practicable to estimate fair value?
   [SFAS 107, par. 17]

9. For all fiscal years subsequent to the year of transition, are SFAS 107 disclosures included for each year for which a statement of financial condition is presented for comparative purposes?

I. Nonmonetary Transactions
1. Do disclosures for nonmonetary transactions during the period include:
   a. Nature of the transactions?
   b. Basis of accounting for the assets transferred?
   c. Gains or losses recognized on the transfers?
   [APB 29, par. 28 (AC N35.120)]

J. Contingencies and Commitments
1. Are the nature and amount of accrued loss contingencies disclosed as necessary to keep the financial statements from being misleading?
   [SFAS 5, par. 9 (AC C59.108)]
2. For loss contingencies not accrued, do disclosures indicate:
   a. Nature of the contingency?
   b. Estimate of possible loss or range of loss, or a statement that such estimate cannot be made?
   [SFAS 5, par. 10 (AC C59.109 and .111)]
3. If exposure to loss exists in excess of the amount accrued for a loss contingency, do disclosures include the excess amount or state that no estimate is possible?
   [SFAS 5, par. 10 (AC C59.109)]
4. Are the nature and amount of guarantees disclosed (e.g., of indebtedness of others)?
   [SFAS 5, par. 12 (AC C59.113); FASBI 34, pars. 1—3 (AC C59.114)]
5. Are gain contingencies adequately disclosed with care to avoid any misleading implications about likelihood of realization?
   [SFAS 5, par. 17 (AC C59.118)]
6. Is there adequate disclosure of commitments, such as those for capital expenditures and employment contracts?
   [SFAS 5, pars. 18—19 (AC C59.120)]

K. Subsequent Events
1. Are the financial statements adjusted for any changes in estimates resulting from subsequent events that provide additional evidence about conditions that existed at the balance-sheet date?
   [SFAS 5, par. 8 (AC C59.105); SAS 1, secs. 560.03—.04, .07 (AU 560.03—.04, .07)]
2. Are subsequent events that provide evidence about conditions that did not exist at the balance-sheet date, but arose subsequent to that date, adequately disclosed to keep the financial statements from being misleading?
   [SFAS 5, par. 11 (AC C59.112); SAS 1, secs. 560.05—.07, and .09 (AU 560.05—.07, and .09)]

Yes  No  N/A
L. **Risks and Uncertainties** (SOP 94-6, *Disclosure of Certain Significant Risks and Uncertainties*, is effective for fiscal years ending after December 15, 1995, and for interim periods in fiscal years subsequent to the year for which this SOP is to be first applied. Early application is encouraged.)

1. Is a description of the services the CIRA provides and the principal markets, including the location of those markets disclosed in the financial statements?  
[SOP 94-6, par. 10]

2. Is an explanation that the preparation of financial statements in conformity with GAAP requires the use of management’s estimates included in the financial statements?  
[SOP 94-6, par. 11]

3. Is disclosure regarding an estimate made when known information available prior to the issuance of the financial statements indicates that the following criteria are met:
   a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events (such as the valuation allowance for commercial and real estate loans)?

   b. The effect of the change would be material to the financial statements?  
[SOP 94-6, par. 13]

4. Does the disclosure in Step 3 above indicate the nature of the uncertainty and include an indication that it is at least reasonably possible that a change in estimate will occur in the near term?  
[SOP 94-6, par. 14]

5. If the estimate in Step 3 above involves a loss contingency covered by SFAS 5, *Accounting for Contingencies*, do disclosures include an estimate of the possible loss or range of loss, or state that such an estimate cannot be made?  
[SOP 94-6, par. 14]

6. Have the optional disclosures in paragraphs 14 and 15 of SOP 94-6 been considered?  
[SOP 94-6, pars. 14 and 15]

7. Is disclosure of the concentrations described in paragraph 22 of SOP 94-6 made, if, based on information known to management prior to issuance of the financial statements, the criteria in paragraph 21 are met?  
[SOP 94-6, pars. 21 and 22]

### M. Required Supplementary Information

1. Is the following unaudited supplementary information disclosed:
   a. For estimates of current or future costs of future major repairs and replacements of existing components:
      (1) Estimated amounts required?
      (2) Methods used to determine the costs?
      (3) Basis for calculation?
      (4) Assumptions used for interest and inflation rates?
      (5) Sources used and the dates of studies, if any?
   b. For components to be repaired or replaced:
      (1) Estimates of the remaining useful lives of the components?
      (2) Estimates of current or future replacement cost?

---

10 If risk reduction techniques are used to mitigate losses on the uncertainty that may result from certain events, these disclosures are encouraged but not required.

11 See footnote 10.
(3) Amounts of funds accumulated for each component as designated by the members of the board?
[AAG, par. 4.30]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Balance Sheet**

**A. General**

1. For classified balance sheets, are assets and liabilities segregated into current and noncurrent classifications with totals presented for current assets and current liabilities?
[ARB 43, Ch. 3A (AC B05.103—.109); SFAS 6, par. 15 (AC B05.118); FASBI 8, par. 3 (AC B05.138—.139); TB 79-3 (AC B05.501—.503); AAG, par. 4.10]

2. Are valuation allowances contra to such assets as receivables shown as deductions from their related assets with appropriate disclosure?
[APB 12, par. 3 (AC V18.102)]

(IF NONFUND ACCOUNTING IS USED, OMIT QUESTIONS #3, #4 AND #5)

3. Does the operating fund present assets, liabilities, and the fund balance specifically associated with the CIRA’s normal maintenance and service activities (e.g., cash, assessments receivable, prepaid expenses and trade payables)?
[AAG, par. 4.06]

4. Are total amounts of all fund groups presented?
[AAG, par. 4.01]

5. Does the replacement fund include information about assets, liabilities, and the fund balance specifically associated with the CIRA’s long-term major repair and replacement activities?
[AAG, par. 4.07]

**B. Cash**

1. Is restricted cash appropriately segregated from cash available for current operations?
[ARB 43, Ch. 3A, par. 6 (AC B05.107)]

2. Are restrictions on cash appropriately disclosed?
[AAG, pars. 4.07 and 9.16]

3. Is the policy for determining which items are treated as cash equivalents disclosed?
[SFAS 95, par. 10 (AC C25.108)]

**C. Debt and Equity Securities**

1. Are investment securities classified in the balance sheet into one of the following categories:
   a. Held to maturity?
   b. Available-for-sale?
   c. Trading?
   [SFAS 115, par. 6 (AC I80.103)]

2. For debt and marketable equity securities classified as available-for-sale or held-to-maturity, are the following disclosures made, by major-security type, for each balance sheet presented:
   a. Aggregate fair value?
   b. Gross unrealized holding gains?
   c. Gross unrealized holding losses?
   d. Amortized cost basis?
   [SFAS 115, par. 19 (AC I80.118)]
3. For the most recent balance sheet presented, are the contract maturities (including the fair value and amortized cost of debt securities) of investment in debt securities classified as available-for-sale or held-to-maturity disclosed, based on at least the following maturity groupings:
   a. In one year or less? ___ Yes ___ No ___ N/A
   b. After one year through five years? ___ Yes ___ No ___ N/A
   c. After five years through ten years? ___ Yes ___ No ___ N/A
   d. After ten years?  [SFAS 115, par. 20 (AC I80.119)] ___ Yes ___ No ___ N/A

4. Are the following major-security types disclosed:
   a. Equity securities? ___ Yes ___ No ___ N/A
   b. Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies? ___ Yes ___ No ___ N/A
   c. Debt securities issued by states of the U.S. and political subdivisions of the states? ___ Yes ___ No ___ N/A
   d. Debt securities issued by foreign governments? ___ Yes ___ No ___ N/A
   e. Corporate-backed securities? ___ Yes ___ No ___ N/A
   f. Mortgage-backed securities? ___ Yes ___ No ___ N/A
   g. Other debt securities? ___ Yes ___ No ___ N/A
   h. Other security types, as deemed appropriate? [SFAS 115, par. 19 (AC I80.118)] ___ Yes ___ No ___ N/A

5. For securities not due at a single maturity date, is consideration given to disclosing the following:
   a. The securities separately rather than allocated over several maturity groupings? ___ Yes ___ No ___ N/A
   b. The basis for allocation if such securities are allocated? [SFAS 115, par. 20 (AC I80.119)] ___ Yes ___ No ___ N/A

6. Are investments pledged as collateral or otherwise restricted disclosed? [AAG, par. 7.26] ___ Yes ___ No ___ N/A

D. Receivables

1. Are accounts and notes receivable from the developer, officers, directors, employees, and affiliated companies shown separately with appropriate disclosures? [ARB 43, Ch. 1A, par. 5 (AC R36.105)] ___ Yes ___ No ___ N/A

2. If a note is noninterest bearing or has an inappropriate stated interest rate:
   a. Is the discount or premium presented as a deduction from or addition to the face amount of the note? ___ Yes ___ No ___ N/A
   b. Does the disclosure include the effective interest rate and face amount of the note? ___ Yes ___ No ___ N/A
   c. Is amortization of discount or premium reported as interest in the statement of revenues and expenses (statement of operations)? [APB 21, par. 16 (AC L69.109)] ___ Yes ___ No ___ N/A

3. Is the unamortized balance of loan origination, commitment, and other fees and costs and purchase premiums and discounts that is being recognized as an adjustment of yield reported as part of the loan balance to which it relates? [SFAS 91, par. 21 (AC L20.120)] ___ Yes ___ No ___ N/A

4. Are allowances for uncollectible receivables shown as deductions from the related receivables? [APB 12, par. 3 (AC V18.102)] ___ Yes ___ No ___ N/A
5. For transfers of receivables with recourse that is reported as sales, are the following disclosed:
   a. The proceeds to the transferors during each period for which a statement of revenues and expenses (statement of operations) is presented?
   b. The balance of the receivables transferred that remains uncollected at the date of each balance sheet presented, if such information is available? [SFAS 77, par. 9 (AC R20.109)]

(IF NONFUND ACCOUNTING IS USED, OMIT QUESTION #6)

6. Are interfund receivables separately disclosed? [AAG, par. 4.08]

E. Common Property

1. Is common personal property, such as furnishings, recreational equipment, maintenance equipment, and work vehicles that are used in operating, preserving, maintaining, repairing, and replacing common property and that provides other services, recorded as an asset? [AAG, par. 2.11]
   a. Is the common property recorded at the cost to the CIRA in a monetary transaction?
   b. If the common property is acquired in a nonmonetary transaction, excluding transfers between entities under common control, is it recorded at the fair value at its acquisition date? [AAG, par. 2.12]

2. Do the financial statements or notes thereto include disclosure of:
   a. Accounting policy for recognition and measurement of common property?
   b. Description of common property reported as an asset on the CIRA’s balance sheet?
   c. A description of common property to which the CIRA has title (or other evidence of ownership) that is not reported as an asset on the CIRA’s balance sheet?
   d. The CIRA’s responsibility to preserve and maintain common property?
   e. Terms and conditions of existing land or recreation leases?
   f. Restrictions on the use or disposition of common property? [AAG, pars. 2.13 and 9.16]
   g. Common areas controlled by the CIRA?
   h. The number of units (shares for cooperative housing associations or weeks for time-share associations) controlled by the developer?
   i. The number of units (shares) owned by the developer? [AAG, pars. 4.22 and 9.16]

F. Depreciable Assets

1. Are property and equipment recognized as assets depreciated based on their estimated useful lives? [AAG, par. 2.14]

2. For depreciable assets, do the financial statements or notes thereto include disclosure of:
   a. Depreciation expense for each period?
   b. Balances of major classes of depreciable assets by nature or function?
   c. Accumulated depreciation, either by major classes of assets or in total?
   d. The method or methods used in computing depreciation with respect to major classes of depreciable assets? [APB 12, par. 5 (AC D40.105); APB 22, par. 13 (AC A10.106); AAG, par. 2.14]
(IF NONFUND ACCOUNTING IS USED, OMIT QUESTION #3)

3. Is the depreciation expense reported in the fund in which the asset is reported?
   [AAG, par. 4.13]  
   Yes  No  N/A

4. Are capitalized interest costs disclosed?
   [SFAS 34, par. 21 (AC I67.118)]  
   Yes  No  N/A

SFAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to assets to be held and used or disposed of. This standard is effective for financial statements for fiscal years beginning after December 15, 1995, however earlier application is encouraged. Restatement of previously issued financial statements is not permitted.

5. If an impairment loss is recognized for assets to be held and used, are the following disclosures made in financial statements that include the period of the impairment write-down:
   a. A description of the impaired assets and the facts and circumstances leading to the impairment?  
   Yes  No  N/A
   b. The amount of the impairment loss and how fair value was determined?  
   Yes  No  N/A
   c. The caption in the income statement in which the impairment loss is aggregated if that loss has not been presented as a separate caption or reported parenthetically on the face of the statement?  
   Yes  No  N/A
   d. The business segment(s) affected, if applicable?  
   [SFAS 121, par. 14 (AC I08.133) ]  
   Yes  No  N/A

6. If assets to be disposed of are accounted for in accordance with paragraphs 15—17 of SFAS 121, are the following disclosed in financial statements that include a period during which those assets were held:
   a. A description of assets to be disposed of, the facts and circumstances leading to the expected disposal, the expected disposal date, and the carrying amount of those assets?  
   Yes  No  N/A
   b. The business segment(s) in which assets to be disposed of are held, if applicable?  
   Yes  No  N/A
   c. The loss, if any, resulting from the application of paragraph 15 of SFAS 121?  
   Yes  No  N/A
   d. The gain or loss, if any, resulting from changes in the carrying amounts of assets to be disposed of that arises from application of paragraph 17 of SFAS 121?  
   Yes  No  N/A
   e. The caption in the income statement in which the gains or losses in Steps 8c. and 8d. are aggregated if those gains or losses have not been presented as a separate caption or reported parenthetically on the face of the statement?  
   Yes  No  N/A
   f. The results of operations for assets to be disposed of to the extent that those results are included in the entity’s results of operations for the period and can be identified?  
   [SFAS 121, par. 19 (AC I08.138) ]  
   Yes  No  N/A

7. If an impairment loss is recognized, is it reported as a component of income from continuing operations?  
   [SFAS 121, pars. 13 and 18 (AC I08.132 and .137) ]  
   Yes  No  N/A

G. Lessors

1. For operating leases, do disclosures include:
   a. Cost and carrying amount of property on lease or held for leasing by major classes and the amount of accumulated depreciation as of the date of the latest balance sheet presented?  
   Yes  No  N/A
   b. Minimum future rentals on noncancelable leases as of the date of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?  
   Yes  No  N/A
c. Total contingent rentals included in excess revenues over expenses for each period for which a statement of revenues and expenses (statement of operations) is presented?  
[SFAS 13, par. 23b (AC L10.119b)]

2. Do disclosures include a general description of the lessor’s leasing arrangements?  
[SFAS 13, par. 23c (AC L10.119c)]

H. Current Liabilities

1. Do current liabilities include:
   a. Obligations for items that enter the operating cycle?  
   b. Collections received in advance of the delivery of goods or performance of services?  
   c. Debts that arise from operations directly related to the operating cycle?  
   d. Other liabilities whose regular and ordinary liquidation is expected to occur within a relatively short-time period?  
   e. Obligations that, by their terms, are due on demand or will be due within one year (or operating cycle, if longer) from the balance-sheet date, even though liquidation may not be expected within that period?  
[ARB 43, Ch. 3A, pars. 7—8 (AC B05.108—.109); SFAS 78, par. 5 (AC B05.109A and .118)]

2. Do current liabilities exclude short-term obligations that the CIRA intends to refinance on a long-term basis, provided the CIRA has demonstrated the ability to consummate the long-term financing?  
[SFAS 6, pars. 8—14 (AC B05.112—.116); FASB 8 (AC B05.117 and .138—.139)]

I. Notes Payable and Other Debt

1. Is there disclosure of terms and conditions provided in loan agreements and bond indentures, such as assets pledged as collateral and covenants to reduce debt and maintain working capital?  
[SFAS 5, pars. 18—19 (AC C59.120)]

2. Are the combined aggregate amounts of maturities and sinking fund requirements for all long-term borrowings disclosed for each of the five years following the date of the latest balance sheet presented?  
[SFAS 47, par. 10b (AC C32.105b)]

3. If a note is noninterest bearing or has an inappropriate stated interest rate:
   a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?  
   b. Is the effective interest rate and face amount of the note disclosed?  
   c. Is amortization of the discount or premium reported as interest in the statement of revenues and expenses (statement of operations)?  
   d. Are issue costs reported in the balance sheet as deferred charges?  
[APB 21, par. 16 (AC I69.109)]

4. Are current portions of debt obligations presented as current liabilities in a classified balance sheet?  
[ARB 43, Ch. 3A, pars. 7—8 (AC B05.108—.109)]

5. If a short-term obligation is to be excluded from current liabilities in a classified balance sheet, do disclosures include:
   a. General description of the financing agreement?  
   b. Terms of any new obligation incurred or expected to be incurred, or equity securities issued or expected to be issued, as a result of the refinancing?  
[SFAS 6, par. 15 (AC B05.118); FASB 8, par. 3 (AC B05.117); TB 79-3 (AC B05.501—.503)]

(If nonfund accounting is used, omit Section J—Fund balance)
J. Fund Balance
1. Is the difference between the assets and liabilities of each fund group presented as the fund balance of the respective group?
   [AAG, par. 4.11]
   (IF FUND ACCOUNTING IS USED, OMIT SECTION K—SHAREHOLDERS’ EQUITY)

K. Shareholders’ Equity—Cooperatives
1. For each class of stock, do disclosures include the number of shares authorized, issued and outstanding, and par or stated value per share? [Generally Accepted]
2. Do the financial statements include a description, in summary form, sufficient to explain the pertinent rights and privileges of the various securities outstanding (e.g., dividend and liquidation preferences, participation rights, call prices and dates, conversion or exercise prices or rates and pertinent dates, sinking fund requirements, unusual voting rights)? [APB 15, par. 19 (AC E09.110)]
3. Are liquidation preferences of preferred stock issues prominently disclosed in the equity section of the balance sheet in the aggregate? [APB 10, par. 10 (AC C16.101)]
4. For preferred stock, do disclosures include:
   a. Aggregate or per-share amounts at which shares may be called or are subject to redemption? [APB 10, par. 11 (AC C16.102)]
   b. Aggregate and per-share amounts of arrearages in cumulative preferred dividends? [APB 15, par. 50, fn. 16 (AC C16.102)]
5. Are any appropriations of retained earnings for loss contingencies clearly identified and included in shareholders’ equity? [SFAS 5, par. 15 (AC R70.103)]
6. Are restrictions on payment of dividends disclosed? [SFAS 5, pars. 18—19 (AC C59.120)]
7. Are the amounts of redemption requirements for all issues of capital stock that are redeemable at fixed or determinable prices on fixed or determinable dates disclosed for each of the five years following the date of the latest balance sheet? [SFAS 47, par. 10c (AC C32.105c)]
8. Are unrealized holding gains and losses on investment securities classified as available-for-sale securities (including those classified as current assets) reported as a net amount (including tax effects) in a separate component of shareholders’ equity until realized? [SFAS 115, par. 13 (AC I80.110)]

Statement of Revenue and Expenses (Statement of Operations)
(IF NONFUND ACCOUNTING IS USED, OMIT QUESTIONS #1 and #2)
1. Are all CIRA activities, except for replacement fund activities, presented in the operating fund?
2. If there are periodic assessments for funding future major repairs and replacements, are they reported in the replacement fund in the periods in which they are assessed, regardless of whether they are collected or expended? [AAG, pars. 3.08 and 4.13]
3. Are revenues shown separately for:
   a. Regular assessments from members?
   b. Special assessments from members?
   c. Assessments and subsidies charged to the developer?
d. Developer contributions? | Yes | No | N/A

e. Lawsuit settlements? | | | 
f. Interest income? | | | 
g. Laundry and vending machine income? | | | 
h. Special-use charges from members and nonmembers? [AAG, pars. 4.14 and 9.13] | | | 

4. Are there special assessments?
   a. Are the assessments earmarked for a specific expenditure? | | | 
   b. Is the specific expenditure made? | | | 
      (1) If not, is the assessment reported as deferred revenue? [AAG, pars. 4.12, .15 and 9.13] | | | 

5. For special assessments, do the financial statements or notes thereto include disclosure of:
   a. The proposed use for funds collected in special assessments? | | | 
   b. Assessments that are used for purposes other than those for which they are designated? [AAG, pars. 4.22 and 9.16] | | | 

(If Nonfund Reporting is used, omit question #6)

6. Is interest earned presented as revenue of the appropriate fund? [AAG, par. 4.14] | | | 

7. For investment in common stock accounted for by the equity method, is the CIRA’s share of earnings shown as a single amount except for investee extraordinary items and prior-period adjustments that are material to the CIRA? [APB 18, pars. 19c and 19d (AC I82.109c and .109d)] | | | 

8. Is the amount of interest cost incurred and any portion of interest cost that was capitalized during the period(s) presented disclosed? [SFAS 34, par. 21 (AC I67.118)] | | | 

9. Are the following disclosed:
   a. Income tax filing status? | | | 
   b. Liability for income taxes? | | | 
   c. Credits from taxing authorities that will be phased out in future reporting periods? [AAG, pars. 4.22 and 9.16] | | | 

10. Extraordinary items
    a. Are extraordinary items segregated and shown (including applicable income taxes) following the excess of revenues over expenses before extraordinary items? [APB 30, pars. 10—12 (AC I17.102—.103)] | | | 
    b. Are descriptive captions and amounts (including applicable income taxes) presented for individual extraordinary events or transactions, preferably on the face of the statement of revenues and expenses (statement of operations) if practicable? [APB 30, par. 11 (AC I17.102)] | | | 
    c. Do disclosures include descriptions of extraordinary events or transactions and the principal items entering into determination of extraordinary gains or losses? [APB 30, par. 11 (AC I17.102)] | | | 

21
d. Are material events or transactions that are either unusual in nature or of
infrequent occurrence, but not both (and therefore not meeting criteria for
extraordinary items):

(1) Reported as a separate component of revenues and expenses (income)
from continuing operations?

(2) Accompanied by disclosure of the nature and financial effects of each
event?

[APB 30, par. 26 (AC I22.101)]

Yes  No  N/A

11. For gains or losses from extinguishment of debt classified as extraordinary items,
do disclosures include:

a. Description of the extinguishment transactions, including the sources of any
funds used to extinguish the debt if it is practicable to identify the sources?

b. Income tax effect in the period of extinguishment?

[SFAS 4, pars. 8—10 (AC I17.104 and D14.105—.107)]

12. For an adjustment of an extraordinary item reported in a prior period:

a. Is the adjustment classified separately as an extraordinary item in the current
period?

b. Are the nature, origin, and amount of the item disclosed?

[SFAS 16, par. 16(c) (AC I17.119)]

13. Is per-share information, if deemed useful, considered for disclosure?

[AAG, par. 9.13]

(IF FUND ACCOUNTING IS USED, OMIT QUESTION # 14)

14. For each period for which an earnings statement is presented, do disclosures
include:

a. The proceeds from sales of available-for-sale securities and gross realized
gains and losses on those sales?

b. The basis on which cost was determined in computing realized gain or loss
(e.g., specific identification, average cost, or other method used)?

c. The gross gains and losses included in earnings from transfers of securities
from the available-for-sale category to the trading category?

d. The change in net unrealized holding gain or loss on available-for-sale
securities that is included in the separate component of shareholders’ equity
during the period?

e. The change in net unrealized holding gain or loss on trading securities that is
included in earnings during the period?

[SFAS 115, par. 21 (AC I80.120)]

15. For any sales of or transfers from securities classified as held-to-maturity, is
disclosure made for each period for which an earnings statement is presented of:

a. Amortized cost of amount of the sold or transferred security?

b. Related realized or unrealized gain or loss?

c. Circumstances leading to the decision to sell or transfer the security?

[SFAS 115, par. 22 (AC I80.121)]

Statement of Changes in Fund Balance (Shareholders’ Equity)

Note: For Homeowners’ Associations and Condominium Associations Not Using
Fund Accounting, the Term “Fund Balance” Should Be Replaced With “Members’
Equity.”

1. Is the statement of changes in fund balances (shareholders’ equity) presented?

2. Is beginning and ending fund balance (shareholders’ equity) reconciled with
results of operations for each period presented?

(IF NONFUND ACCOUNTING IS USED, OMIT QUESTION #3)
3. Are permanent transfers presented as interfund transfers?  
[AA, par. 4.11 and .17]  
(IF FUND ACCOUNTING IS USED, OMIT QUESTIONS #4 AND #5)  
4. Are changes in the separate component accounts of shareholders’ equity disclosed?  
[APB 12, par. 10 (AC C08.102)]  
5. Are changes in the number of shares of equity securities disclosed?  
[APB 12, par. 10 (AC C08.102)]  
6. Are changes in fund balance (stockholders’ equity) disclosed?  
[APB 12, par. 10 (AC C08.102)]

Statement of Cash Flows

A. Format
1. Is a statement of cash flows presented for each period that a balance sheet and a statement of revenues and expenses is presented?  
[SFAS 95, par. 3 (AC C25.101); AA, pars. 4.18 and 9.15]  
2. Is the policy for defining cash equivalents disclosed?  
[SFAS 95, par. 10 (AC C25.108)]  
3. Are major classes of gross cash receipts and gross cash payments and their arithmetic sum (the net cash flow from operating activities (direct method)) presented in the statement?  
[SFAS 95, par. 27 (AC C25.125)]  
4. If the direct method is used, is a reconciliation of the excess of revenues and expenses to net cash flow from operating activities provided in a separate schedule?  
[SFAS 95, par. 30 (AC C25.128)]  
5. If the indirect method is used:  
a. Is the same amount for net cash flow from operating activities reported indirectly by adjusting the excess of revenues and expenses (income) to reconcile it to net cash flow from operating activities?  
[SFAS 95, par. 28 (AC C25.126)]  
b. Is the reconciliation of the excess of revenues and expenses (income) to net cash flow from operating activities reported, either within the statement of cash flows or provided in a separate schedule, with the statement of cash flows reporting only the net cash flow from operating activities?  
[SFAS 95, par. 30 (AC C25.128)]

B. Content
1. Are cash receipts and cash payments from investing activities shown separately on the statement of cash flows?  
[SFAS 95, par. 31 (AC C25.129)]  
2. Are cash receipts and cash payments for the following transactions classified as cash flows from investing activities:  
a. Receipts from sales of property?  
b. Additions to building, furniture, and equipment?  
c. Loans to members?  
[SFAS 95, pars. 16—17 (AC C25.114—115)]  
3. Are cash receipts and cash payments from financing activities shown separately on the statement of cash flows?  
[SFAS 95, par. 31 (AC C25.129)]  
4. Are cash receipts and cash payments for the following transactions classified as cash flows from financing activities:  
a. Proceeds from issuing debt?
b. Repayments of amounts borrowed?
   [SFAS 95, pars. 19—20 (AC C25.117—.118)]
   ![Blank table]

5. Are cash receipts and cash payments classified as cash flows from operating activities for:
   ![Blank table]
   a. Member assessments collected?
   b. Expenditures for major repairs and replacements?
   c. Real estate taxes?
   d. Interest income?
   e. Interest expense?
   f. Forfeited security deposits?
   g. Payments to governments for taxes, duties, fines, and other fees or penalties?
   h. Payments to settle lawsuits?
   i. Contributions to charities?
   [SFAS 95, pars. 22—23 (AC C25.120—.121)]
### FSP Section 25,400

**Auditors’ Reports Checklist**

.01 This checklist has been developed by the AICPA’s Technical Publications staff as a nonauthoritative practice aid.

.02 Explanation of References:

- **AAG** = AICPA Audit and Accounting Guide *Common Interest Realty Associations* (with conforming changes as of May 1, 1994 (including any changes made in the looseleaf service as of March 31, 1995))
- **SAS** = AICPA Statement on Auditing Standards
- **SSARS** = AICPA Statement on Standards for Accounting and Review Services
- **AU** = Reference to section number in AICPA *Professional Standards* (vol. 1)
- **AR** = Reference to section number in AICPA *Professional Standards* (vol. 2)

.03 Checklist Questionnaire

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Does the auditor’s report include appropriate:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Addressee?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 58, par. 9 (AU 508.09)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Date (or dual dates) of the report?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 1, sec. 530.05 (AU 530.05)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. A title that includes the word “independent”?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 58, par. 8a (AU 508.08a)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. If the auditor is not independent, is a compilation report that indicates lack of independence issued?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 26, par. 10 (AU 504.10); SSARS 1, pars. 22 and 38 (AR 100.22 and .38)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Does the reporting language conform with the auditor’s standard report on:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Financial statements of a single year or period?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Comparative financial statements?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 58, par. 8 (AU 508.08)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Does the report include appropriate language for the following situations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Only one basic financial statement is presented and there are no scope limitations?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 58, pars. 47—48 (AU 508.47—.48)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Audited and unaudited financial statements are presented in comparative form?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SAS 26, pars. 14—17 (AU 504.14—.17)]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. Is an explanatory paragraph (or other explanatory language) added to the standard report if:\(^1\)

a. The financial statements are affected by uncertainties concerning future events, the outcome of which is not susceptible of reasonable estimation at the date of the auditor's report?
[SAS 58, pars. 16—33 (AU 508.16—.33)]

**Note:** Consult the Topical Index to the AICPA Professional Standards under "Uncertainties" for additional references to specific types of uncertainties.

b. There is substantial doubt about the entity’s ability to continue as a going concern for a reasonable period of time and that conclusion is expressed through the use of the phrase ‘substantial doubt about its (the entity’s) ability to continue as a going concern’?
[SAS 64, par. 1 (AU 541.12—.13)]

c. There is a material change between periods in accounting principles or in the method of their application?
[SAS 58, pars. 34—36 (AU 508.34—.36)]

d. In an updated report on comparative financial statements, the current opinion on the prior period is different from the one previously expressed?
[SAS 58, pars. 77—78 and 81—82 (AU 508.77—.78 and .81—.82)]

e. The prior-period financial statements are audited by a predecessor auditor whose report is not presented?
[SAS 64, par. 2 (AU 508.83)]

f. The auditor’s opinion is based in part on the report of another auditor?
[SAS 1, sec. 543 (AU 543); SAS 58, pars. 12—13 (AU 508.12—.13)]

g. The financial statements contain a departure from a promulgated accounting principle when conformity with GAAP would result in a misleading presentation?
[SAS 58, pars. 14—15 (AU 508.14—.15)]

h. Other information in a document containing audited financial statements is materially inconsistent with information appearing in the financial statements?
[SAS 8, par. 4 (AU 550.04)]

i. The auditor decides to emphasize a matter in the report?
[SAS 58, par. 37 (AU 508.37); Interpretation 38 of SAS 1, sec. 410 (AU 9410.17); Interpretation 1 of SAS 57 (AU 9342.03)]

6. Is a qualified opinion or disclaimer of opinion expressed if scope limitations preclude application of one or more auditing procedures considered necessary in the circumstances?
[SAS 58, pars. 40—45 (AU 508.40—.45); SAS 19, par. 12 (AU 333.12)]

**Note:** Consult the Topical Index to the AICPA Professional Standards under “Scope of Audit—Limitations” for additional references to specific types of scope limitations that could result in either a qualified or disclaimer of opinion.

7. Is a qualified opinion or adverse opinion expressed if a lack of conformity with GAAP (including inadequate disclosure) is present?
[SAS 58, pars. 49—66 (AU 508.49—.66); SAS 32, par. 3 (AU 431.03)]

**Note:** Consult the Topical Index to the AICPA Professional Standards under “Departures from Established Principles,” “Adverse Opinions,” and “Qualified Opinions” for additional references to specific types of GAAP departures that could result in either a qualified or adverse opinion.

---

\(^1\) A proposed amendment was issued in July 1995 that would eliminate the requirement to add an explanatory paragraph to the auditor’s report for certain uncertainties. If approved, the final SAS is expected to be issued in December 1995 and would be effective for reports issued on or after June 30, 1996.
8. Is a qualified or adverse opinion expressed if the entity specifically requests the auditor to report on prior-period financial statements that are incomplete (e.g., prior-period totals only)?
[SAS 58, fn. 27 (AU 508, fn. 27)]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. If a qualified opinion, adverse opinion, or disclaimer of opinion is expressed, are all the substantive reasons for the opinion or disclaimer disclosed and is the reporting language appropriately modified?
[SAS 58, pars. 39, 68—69, and 71 (AU 508.39, .68—.69, and .71)]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. If information accompanies the basic financial statements and auditor’s report in an auditor-submitted document, does the report on the accompanying information:
   a. State that the audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole?
   [SAS 29, pars. 6—11 (AU 551.06—.11)]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   b. Specifically identify the accompanying information?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   c. State that the accompanying information is presented for purposes of additional analysis and is not a required part of the basic financial statements?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

   d. State whether the accompanying information was subjected to the auditing procedures applied in the audit of the basic financial statements and includes the appropriate expression of opinion or disclaimer?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

11. Is the reporting form and content of SAS 60, paragraphs 9—19, followed when communicating internal control structure-related matters noted in an audit?
[SAS 60, pars. 9—19 (AU 325.09—.19)]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. If supplementary information required by GAAP is presented outside the basic financial statements in an auditor-submitted document, is an opinion disclaimed on such information unless it has been audited?
[AAG, par. 7.38]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13. Did the auditor consider modification of the report with regard to the adequacy of the CIRA’s disclosures about future repairs and replacements and its compliance with governing and state documents?
[AAG, pars. 7.29—7.31]

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

2 Reportable conditions in internal control structure that have not been corrected must be communicated, preferably in writing, to senior management and the board of trustees or its audit committee. [SAS 60]
FSP Section 25,500

Accountants’ Reports on Compiled or Reviewed Financial Statements Checklist

.01 This checklist has been developed by the AICPA’s Technical Publications staff as a nonauthoritative practice aid.

.02 This checklist is divided into two parts. Part I should be used by accountants engaged to compile financial statements and Part II should be used by accountants engaged to review financial statements.

.03 Explanation of References:

AAG = AICPA Audit and Accounting Guide Common Interest Realty Associations (with conforming changes as of May 1, 1994 (including any changes made in the looseleaf service as of March 31, 1995))

SSARS = AICPA Statement on Standards for Accounting and Review Services

AR = Reference to section number in AICPA Professional Standards (vol. 2)

.04 Checklist Questionnaire

<table>
<thead>
<tr>
<th>Part I—For Compilation Engagements</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Is the compilation report appropriately worded?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[SSARS 1, par. 14 (AR 100.14)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Does the report exclude a description of any other procedures that the accountant might have performed before or during the engagement? [SSARS 1, par. 14 (AR 100.14)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. For compiled financial statements that contain departures (^1) from generally accepted accounting principles (GAAP) or, where applicable, an other comprehensive basis of accounting (OCBOA):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. If the departure is the omission of substantially all required disclosures, does the accountant’s report clearly indicate such omission? [SSARS 1, pars. 19 and 21 (AR 100.19 and .21)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. If compiled financial statements that omit substantially all of the disclosures required by GAAP include disclosures about only a few matters, are such disclosures labeled “Selected Information—Substantially All Disclosures Required by GAAP or (OCBOA) Are Not Included”? [SSARS 1, par. 19 (AR 100.19)]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. If statements that omit substantially all required disclosures are prepared on a basis of accounting other than GAAP, and if such statements do not include disclosure of the basis of accounting used, does the accountant’s report disclose the basis of accounting? [SSARS 1, par. 20 (AR 100.20)]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Other than departures required by a prescribed form or related instructions when the accountant issues a SSARS 3 (AR 300) compilation report on financial statements included in a prescribed form.

\(^2\) SAS 62, paragraphs 9 and 10 (AU secs. 623.09—10), provides guidance on evaluating the adequacy of disclosure in financial statements prepared in conformity with an other comprehensive basis of accounting.
d. If the financial statements contain a departure from GAAP or an OCBOA, is the report modified to disclose the departure? [SSARS 1, pars. 39 and 40 (AR 100.39 and .40)]

(1) If the effects of the departure on the financial statements are determined by management or are known as a result of the accountant’s procedures, are these effects also disclosed in the modified report? [SSARS 1, par. 40 (AR 100.40)]

(2) If the effects are not determined, is this fact stated in the accountant’s report? [SSARS 1, par. 40 (AR 100.40)]

4. If the accountant is not independent with respect to the entity for which financial statements are compiled, does the compilation report state “I am (we are) not independent with respect to XYZ Company”? [SSARS 1, pars. 22 and 38 (AR 100.22 and .38)]

5. Is the report properly dated? [SSARS 1, par. 15 (AR 100.15)]

6. Does each page of the financial statements include a reference such as “See Accountant’s Compilation Report”? [SSARS 1, par. 16 (AR 100.16)]

7. If the financial statements do not appropriately disclose an uncertainty, including an uncertainty about an entity’s ability to continue as a going concern or an inconsistency in the application of accounting principles, does the report include a separate paragraph that discloses such matters? [SSARS 1, par. 40, fn. 18 (AR 100.40, fn. 18)]

8. If the accountant compiles both the basic financial statements and other data that is presented for supplementary analysis purposes, does the compilation report also include the other data, indicating the degree of responsibility taken? [SSARS 1, par. 43 (AR 100.43)]

9. If an audit engagement is changed to a review or compilation, does the report omit reference to: (a) the original engagement, (b) any auditing or review procedures that may have been performed, and (c) any scope limitation that resulted in the changed engagement? [SSARS 1, par. 49 (AR 100.49)]

10. If comparative financial statements are presented, does the accountant’s report cover each period presented? [SSARS 2, par. 2 (AR 200.02)]

11. If compiled financial statements that omit substantially all of the disclosures required by GAAP are included among the comparative financial statements, do all the periods presented also omit such disclosures? [SSARS 2, par. 5 (AR 200.05)]

a. If the prior-period financial statements do not omit the required disclosures, and the accountant is requested to compile statements for the same period that do omit those disclosures, does the accountant’s compilation report include an additional paragraph that indicates:

(1) The nature of the previous service rendered (compilation, review, or audit)?

(2) Date of the previous report? [SSARS 2, pars. 29—30 (AR 200.29—.30)]

12. If the level of service performed by a continuing accountant on the current-period financial statements is the same as, or higher than, that performed on the financial statements of the prior period presented, is the report on the prior period updated? [SSARS 2, par. 8 (AR 200.08)]
13. If the level of service performed by a continuing accountant on the current-period financial statements is lower than that performed on the financial statements of the prior period presented, is the current report modified appropriately or combined with a reissued report from the prior period?
[SSARS 2, pars. 8 and 11—12 (AR 200.08 and .11—.12)]

14. If the report requires a changed reference to a departure from GAAP regarding the prior period presented, does the explanatory paragraph in the report include the appropriate language?
[SSARS 2, pars. 14—15 (AR 200.14—.15)]

15. If the current-period financial statements were compiled and the financial statements of the prior period presented were audited and the audit report was not reissued, does the current-period report include a separate paragraph that contains the appropriate language?
[SSARS 2, par. 28 (AR 200.28)]

Predecessor’s Compilation Report

16. If a predecessor accountant does not reissue his or her compilation or review report on the prior-period financial statements, does the successor accountant:

a. Make appropriate reference in the report to the predecessor’s report in accordance with paragraphs .17—.19 of SSARS 2?

   or

b. Perform a compilation, review, or audit of the statements of the prior period and report on them accordingly?
[SSARS 2, pars. 16—19 (AR 200.16—.19)]

17. If the financial statements of the prior period presented are changed, does the predecessor or successor accountant report on them as restated?
[SSARS 2, pars. 25—26 (AR 200.25—.26)]

18. If the basic financial statements are compiled, is the required supplementary information accompanying the basic financial statements, at a minimum, compiled?
[AAG, par. 8.09]

19. If the basic financial statements are compiled and the accompanying required supplementary information is compiled, does the accountant indicate in the report, or in a separate report, the degree of responsibility he or she is taking for the supplementary information?
[AAG, par. 8.10]

20. If, on the basis of facts known to him or her, the accountant is aware that the required supplementary information is not measured or presented in accordance with prescribed guidelines, does the accountant indicate in his or her report that the information does not conform to the guidelines and describe the nature of any material departure?
[AAG, par. 8.11]

21. If the compiled financial statements are not accompanied by the required supplementary information, is a paragraph added to the compilation report indicating that the required supplementary information is omitted?
[AAG, par. 8.12]

Part II—For Review Engagements

Note: An accountant is precluded from issuing a review report on the financial statements of an entity with respect to which he or she is not independent.

1. Is the review report appropriately worded?
[SSARS 1, par. 52 (AR 100.32)]

2. Does the report exclude a description of any other procedures that the accountant might have performed before or during the engagement?
[SSARS 1, par. 32 (AR 100.32)]
3. For reviewed financial statements that contain departures from GAAP or, where applicable, OCOBA (including the omission of required disclosures), is the report modified to disclose the departure in a separate paragraph? [SSARS 1, pars. 39 and 40 (AR 100.39 and .40)]

4. If the financial statements do not appropriately disclose an uncertainty, including an uncertainty about an entity's ability to continue as a going concern, or an inconsistency in the application of accounting principles, does the report include a separate paragraph that discloses such matters?

5. Is the report properly dated? [SSARS 1, par. 33 (AR 100.33)]

6. Does each page of the financial statements include a reference such as "See Accountant's Review Report"? [SSARS 1, par. 34 (AR 100.34)]

7. When accompanying information is presented with the financial statements, does the accountant clearly indicate his or her degree of responsibility with respect to such information? [SSARS 1, par. 43 (AR 100.43)]

8. If an audit engagement is changed to a review, does the report omit reference to: (a) the original engagement, (b) any auditing procedures that may have been performed, and (c) any scope limitation that resulted in the changed engagement? [SSARS 1, par. 49 (AR 100.49)]

9. If comparative financial statements are presented, does the accountant's report cover each period presented? [SSARS 2, par. 2 (AR 200.02)]

10. If the level of service performed by a continuing accountant on the current-period financial statements is the same as, or higher than, that performed on the financial statements of the prior period presented, is the report on the prior period updated? [SSARS 2, par. 8 (AR 200.08)]

11. If the level of service performed by a continuing accountant on the current-period financial statements is lower than that performed on the financial statements of the prior period presented, is the current report modified appropriately or combined with a reissued report from the prior period? [SSARS 2, pars. 8 and 11—12 (AR 200.08 and .11—.12)]

12. If the report requires a changed reference to a departure from GAAP regarding the prior period presented, does the explanatory paragraph include the appropriate language? [SSARS 2, pars. 14—15 (AR 200.14—.15)]

13. If the financial statements of the prior period presented are changed, does the predecessor or successor accountant report on them as restated? [SSARS 2, pars. 25—26 (AR 200.25—.26)]

14. If the current-period financial statements were reviewed and the financial statements of the prior period presented were audited and the audit report was not reissued, does the current-period report include a separate paragraph that contains the appropriate language? [SSARS 2, par. 28 (AR 200.28)]

**Predecessor's Review Report**

15. If a predecessor accountant does not reissue his or her compilation or review report on the prior-period financial statements, does the successor accountant:

   a. Make appropriate reference in the report to the predecessor's report in accordance with paragraphs .17—.19 of SSARS 2? [ ] [ ] [ ]

   or [ ] [ ] [ ]

32
b. Perform a compilation, review, or audit of the statements of the prior period and report on them accordingly? [SSARS 2, pars. 16—19 (AR 200.16—.19)]

Required Supplementary Information

16. If the basic financial statements are reviewed, is the required supplementary information accompanying the basic financial statements, at a minimum, compiled? [AAG, par. 8.09]

17. If the basic financial statements are reviewed and the accompanying required supplementary information is compiled, does the accountant indicate in the report, or in a separate report, the degree of responsibility he or she is taking for the supplementary information? [AAG, par. 8.10]

18. If, on the basis of facts known to him or her, the accountant is aware that the required supplementary information is not measured or presented in accordance with prescribed guidelines, does the accountant indicate in his or her report that the information does not conform to the guidelines and describe the nature of any material departure? [AAG, par. 8.11]

19. If the reviewed financial statements are not accompanied by the required supplementary information, is a paragraph added to the compilation or review report indicating that the required supplementary information is omitted? [AAG, par. 8.12]
FSP Section 25,600

Illustrative Financial Statements

.01 The illustrative financial statements are reproduced from the AICPA Audit and Accounting Guide Common Interest Realty Associations. These illustrative financial statements are intended to provide sample financial statement formats and disclosures for a hypothetical CIRA; they are not intended to illustrate all disclosures required by GAAP or all of the disclosures covered in the financial statement checklist. The following exhibits illustrate a fund accounting presentation for a condominium, as well as a set of nonfund accounting financial statements for a cooperative housing corporation.

- Exhibits 1.1 through 1.7 illustrate financial statements and supplementary information for a condominium association. Condominiums generally do not hold title to property transferred to them by the developers. Exhibits 1.1 and 1.2 present a balance sheet and a statement of revenues and expenses using fund reporting in a multicolumn format with a total funds column for the current and prior years. Exhibit 1.3 illustrates a statement of cash flows using the direct method. Exhibit 1.3A illustrates a statement of cash flows using the indirect method. This set of financial statements reflects an interfund receivable and payable of $20,000, which the board of directors intends for the operating fund to repay to the replacement fund in the next fiscal year. The statements also disclose a transfer of $10,000 from the replacement fund to the operating fund, which is an amount that the board of directors does not intend for the operating fund to repay to the replacement fund.

- The illustrative notes in exhibit 1.4 include alternative presentations for Note 4, which discloses information about a CIRA's fund for future major repairs and replacements. Alternative A illustrates disclosure based on a study conducted by the board of directors. Alternative B is based on a study conducted by an independent consulting firm. Note 4 also illustrates disclosure for a loan from the replacement fund to the operating fund as well as a permanent transfer.

- Exhibits 1.5 and 1.6 present detailed schedules of actual and budgeted amounts of revenues and expenses for the operating fund and of changes in replacement fund balances. These schedules are not a required part of the basic financial statements; however, if they are included with the financial statements in an auditor-submitted document, the auditor should refer to SAS 29, Reporting on Information Accompanying the Basic Financial Statements in Auditor-Submitted Documents, for reporting guidance.

- Exhibit 1.7 presents required unaudited supplementary information. Alternative A illustrates disclosure based on a study conducted by the board of directors and presents estimates of current replacement costs. Alternative B is based on a study conducted by an independent consulting firm and presents estimates of future replacement costs, which are calculated considering inflation and estimated investment income.

- Exhibits 2.1 through 2.4 present financial statements and notes for a cooperative housing corporation.

- Exhibit 2.5 presents unaudited supplementary information, based on a study conducted by the board of directors, required for a cooperative housing corporation and presents estimates of current replacement costs.

.02 Auditors and accountants of financial statements of CIRAs should be familiar with the rules and regulations of the appropriate state regulator that relate to the form and content of the financial statements.
These illustrative financial statements are intended to provide sample financial statement formats and disclosures for a hypothetical CIRA; they are not intended to illustrate all disclosures required by GAAP or all of the disclosures covered in the financial statement checklist.

**XYZ CONDOMINIUM ASSOCIATION, INC.**

**Balance Sheets**

**December 31, 19X2**

(With Comparative Totals for 19X1)

<table>
<thead>
<tr>
<th></th>
<th>19X2</th>
<th>19X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>$110,000</td>
<td>$364,000</td>
</tr>
<tr>
<td>Replacement Fund</td>
<td>28,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Total</td>
<td>138,000</td>
<td>392,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>19X2</th>
<th>19X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$110,000</td>
<td>$364,000</td>
</tr>
<tr>
<td>Assessments receivable</td>
<td>28,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Due from operating fund</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Due to replacement fund</td>
<td>(20,000)</td>
<td>(20,000)</td>
</tr>
<tr>
<td>Equipment, net of accumulated depreciation of $8,000 and $5,000</td>
<td>21,000</td>
<td>21,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$146,000</td>
<td>$384,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>19X2</th>
<th>19X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>20,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Wages payable</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Income taxes payable</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Prepaid assessments</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>46,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Fund Balances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Liabilities and Fund Balances</td>
<td>$146,000</td>
<td>$384,000</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
<table>
<thead>
<tr>
<th></th>
<th>19X2</th>
<th></th>
<th>19X1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member assessments</td>
<td>$747,000</td>
<td>$247,000</td>
<td>$994,000</td>
<td>$909,000</td>
</tr>
<tr>
<td>Interest</td>
<td>49,000</td>
<td>49,000</td>
<td>46,000</td>
<td></td>
</tr>
<tr>
<td>Lawsuit settlements</td>
<td>141,000</td>
<td>141,000</td>
<td>91,000</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>22,000</td>
<td>22,000</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>769,000</strong></td>
<td><strong>437,000</strong></td>
<td><strong>1,206,000</strong></td>
<td><strong>1,066,000</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>294,000</td>
<td>294,000</td>
<td>284,000</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>160,000</td>
<td>160,000</td>
<td>141,000</td>
<td></td>
</tr>
<tr>
<td>Roofs</td>
<td>144,000</td>
<td>144,000</td>
<td>160,000</td>
<td></td>
</tr>
<tr>
<td>Service and contracts</td>
<td>129,000</td>
<td>129,000</td>
<td>134,000</td>
<td></td>
</tr>
<tr>
<td>Exterior siding</td>
<td>94,000</td>
<td>94,000</td>
<td>98,000</td>
<td></td>
</tr>
<tr>
<td>Repairs and supplies</td>
<td>92,000</td>
<td>92,000</td>
<td>61,000</td>
<td></td>
</tr>
<tr>
<td>Insurance and licenses</td>
<td>50,000</td>
<td>50,000</td>
<td>46,000</td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>28,000</td>
<td>28,000</td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td>Income taxes</td>
<td>1,000</td>
<td>1,000</td>
<td>13,000</td>
<td></td>
</tr>
<tr>
<td>Legal fees</td>
<td>10,000</td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreational equipment</td>
<td>5,000</td>
<td>5,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Solar equipment</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>4,000</td>
<td>4,000</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Tennis courts</td>
<td></td>
<td></td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Bad debts</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pools and spas</td>
<td></td>
<td></td>
<td>18,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>759,000</strong></td>
<td><strong>273,000</strong></td>
<td><strong>1,032,000</strong></td>
<td><strong>1,010,000</strong></td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>10,000</td>
<td>164,000</td>
<td>174,000</td>
<td>56,000</td>
</tr>
<tr>
<td>Beginning fund balances</td>
<td>80,000</td>
<td>225,000</td>
<td>305,000</td>
<td>249,000</td>
</tr>
<tr>
<td>Transfer from replacement fund</td>
<td>10,000</td>
<td>(10,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Fund Balances</strong></td>
<td><strong>$100,000</strong></td>
<td><strong>$379,000</strong></td>
<td><strong>$479,000</strong></td>
<td><strong>$305,000</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Exhibit 1.3

XYZ CONDOMINIUM ASSOCIATION, INC.

Statements of Cash Flows (Direct Method)

Year Ended December 31, 19X2

(With Comparative Totals for 19X1)

<table>
<thead>
<tr>
<th>Operating Fund</th>
<th>Replacement Fund</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$733,000</td>
<td>247,000</td>
<td>$980,000</td>
<td>$920,000</td>
</tr>
<tr>
<td>49,000</td>
<td>49,000</td>
<td>98,000</td>
<td>46,000</td>
</tr>
<tr>
<td>141,000</td>
<td>141,000</td>
<td>282,000</td>
<td>91,000</td>
</tr>
<tr>
<td>22,000</td>
<td>22,000</td>
<td>44,000</td>
<td>20,000</td>
</tr>
<tr>
<td>(735,000)</td>
<td>(735,000)</td>
<td>(1,470,000)</td>
<td>(673,000)</td>
</tr>
<tr>
<td>(1,000)</td>
<td>(15,000)</td>
<td>(16,000)</td>
<td>(26,000)</td>
</tr>
<tr>
<td>10,000</td>
<td>(10,000)</td>
<td>(20,000)</td>
<td></td>
</tr>
<tr>
<td>20,000</td>
<td>(20,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>49,000</td>
<td>134,000</td>
<td>183,000</td>
<td>68,000</td>
</tr>
<tr>
<td>(7,000)</td>
<td>(7,000)</td>
<td>(14,000)</td>
<td>(3,000)</td>
</tr>
<tr>
<td>42,000</td>
<td>134,000</td>
<td>176,000</td>
<td>65,000</td>
</tr>
<tr>
<td>68,000</td>
<td>230,000</td>
<td>298,000</td>
<td>233,000</td>
</tr>
<tr>
<td>$110,000</td>
<td>$364,000</td>
<td>$474,000</td>
<td>$298,000</td>
</tr>
<tr>
<td>10,000</td>
<td>164,000</td>
<td>174,000</td>
<td>56,000</td>
</tr>
</tbody>
</table>

Reconciliation of excess of revenues over expenses to net cash provided by operating activities:

Excess of revenues over expenses ................................................................. $10,000 $164,000 $174,000 $56,000

Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:

Increase (decrease) in interfund balances ................................................ 20,000 (20,000)
Transfer from replacement fund ................................................................. 10,000 (10,000)
Depreciation ......................................................................................... 3,000 3,000 3,000
Increase in assessments receivable ......................................................... (19,000) (19,000) (1,000)
Decrease in prepaid expenses .................................................................. 1,000
Increase in accounts payable ................................................................. 14,000 4,000 18,000 2,000
Increase in wages payable ...................................................................... 6,000 6,000
Decrease in income taxes payable ........................................................... 5,000 (4,000) (4,000)
Increase in prepaid assessments .............................................................. 5,000 5,000 7,000

Total adjustments .................................................................................. 39,000 (30,000) 9,000 12,000

Net cash provided by operating activities ............................................... $49,000 $134,000 $183,000 $68,000

The accompanying notes are an integral part of these financial statements.
Exhibit 1.3A

XYZ CONDOMINIUM ASSOCIATION, INC.

Statements of Cash Flows (Indirect Method)

Year Ended December 31, 19X2

(With Comparative Totals for 19X1)

<table>
<thead>
<tr>
<th>19X2</th>
<th>19X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>Replacement Fund</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>$10,000</td>
</tr>
<tr>
<td>Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in interfund balances</td>
<td>20,000</td>
</tr>
<tr>
<td>Transfer from replacement fund</td>
<td>10,000</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,000</td>
</tr>
<tr>
<td>Increase in assessments receivable</td>
<td>(19,000)</td>
</tr>
<tr>
<td>Decrease in prepaid expenses</td>
<td></td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>14,000</td>
</tr>
<tr>
<td>Increase in wages payable</td>
<td>6,000</td>
</tr>
<tr>
<td>Decrease in income taxes payable</td>
<td></td>
</tr>
<tr>
<td>Increase in prepaid assessments</td>
<td>5,000</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>39,000</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>49,000</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
</tr>
<tr>
<td>Equipment purchases</td>
<td>(7,000)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>42,000</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>68,000</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$110,000</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Exhibit 1.4

XYZ CONDOMINIUM ASSOCIATION, INC.

Notes to Financial Statements

December 31, 19X2 and 19X1

Note 1: Organization

The XYZ Condominium Association (the "Association") is a statutory condominium association organized as a not-for-profit corporation for the purposes of maintaining and preserving common property of the XYZ condominium. The XYZ condominium consists of 800 residential units occupying a site of approximately 10 acres. The Association began its operations in June 19XX. The primary source of revenue is owners assessment.

Note 2: Summary of Significant Accounting Policies

Fund accounting. The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Interest earned. The board’s policy is to allocate to the replacement fund interest earned on all cash accounts net of income taxes.

Recognition of assets and depreciation policy. The Association recognizes personal property assets at cost. The property is depreciated over its estimated useful life using the straight-line method of depreciation.

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 3: Owners’ Assessments

Monthly assessments to owners were $103.54 and $94.69 in 19X2 and 19X1. Of those amounts, $25.73 and $22.50 were designated to the replacement fund.

The annual budget and assessments of owners are determined by the board of directors and are approved by the owners. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

Note 4: Future Major Repairs and Replacements

Alternative A. The Association’s governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and generally are not available for expenditures for normal operations.

The board of directors conducted a study in November 19X2 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed contractors who inspected the property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on the study.
The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study’s estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of $302,000 has been included in the 19X3 budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. It is not expected that the estimates will materially change in the near term.

The Association used $30,000 from the replacement fund for operations during 19X2. The board intends to repay $20,000 of that amount during 19X3 and has, therefore, reflected $20,000 as an interfund receivable and payable. The board does not intend to repay $10,000 of the amount and has, therefore, reflected $10,000 as a transfer from the replacement to the operating fund.

Alternative B. The Association’s governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The ABC Consulting Company conducted a study in November 19X2 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. Funding requirements consider an annual inflation rate of 5 percent and interest of 8 percent, net of taxes, on amounts funded for future major repairs and replacements. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on the study.

The board is funding for major repairs and replacements over the remaining useful lives of the components based on the study’s estimates of future replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of $374,000 has been included in the 19X3 budget.

Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investment income 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 all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. It is not expected that the estimates will materially change in the near term.

The Association used $30,000 from the replacement fund for operations during 19X2. The board intends to repay $20,000 of that amount during 19X3 and has, therefore, reflected $20,000 as an interfund receivable and payable. The board does not intend to repay $10,000 of the amount and has, therefore, reflected $10,000 as a transfer from the replacement to the operating fund.

Note 5: Federal and State Taxes

In 19X2, the Association filed its income tax return as a regular corporation. The Association had an excess of expenses for the maintenance of the common property over membership source income. That excess may be carried over to future periods to offset future income from membership sources when the Association files as a regular corporation. In 19X1, the Association elected to file as a homeowner’s association in accordance with Internal Revenue Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to owners. In both years, the Association’s investment income and other nonexempt income were subject to tax.
Note 6: Lawsuit Settlements

During 19X1, the Association settled a lawsuit against the developer for defective construction and received a partial settlement of $91,000. During 19X2, the Association received another settlement of $141,000. Legal fees of $10,000 were incurred in connection with that lawsuit.

The following net amounts have been added to the replacement fund:

<table>
<thead>
<tr>
<th></th>
<th>19X2</th>
<th>19X1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roof</td>
<td>$131,000</td>
<td>$66,000</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>0</td>
<td>23,000</td>
</tr>
<tr>
<td>Pools and spas</td>
<td>0</td>
<td>1,000</td>
</tr>
<tr>
<td>Streets</td>
<td>0</td>
<td>1,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$131,000</td>
<td>$91,000</td>
</tr>
</tbody>
</table>

Note 7: Assessments Receivable

The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days in arrears. As of December 31, 19X2, the Association had assessments receivable of $28,000, of which $22,000 were delinquent. As of the date of this report, judgments and settlements of approximately $15,000 have been received. It is the opinion of the board of directors that the Association will ultimately prevail against the remaining homeowners whose assessments are delinquent, and, accordingly, no allowance for uncollectible accounts is deemed necessary. The $13,000 of net assessments receivable is not deemed material to the financial statements.
## Exhibit 1.5

**XYZ CONDOMINIUM ASSOCIATION, INC.**

Schedules of Operating Fund Revenues and Expenses

Years Ended December 31, 19X2 and 19X1

<table>
<thead>
<tr>
<th></th>
<th>19X2 Actual</th>
<th>19X2 Budget (Unaudited)</th>
<th>19X1 Actual</th>
<th>19X1 Budget (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessments</td>
<td>$747,000</td>
<td>$747,000</td>
<td>$693,000</td>
<td>$693,000</td>
</tr>
<tr>
<td>Other charges</td>
<td>22,000</td>
<td>23,000</td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>769,000</td>
<td>770,000</td>
<td>713,000</td>
<td>713,000</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wages and Benefits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grounds</td>
<td>130,000</td>
<td>144,000</td>
<td>106,000</td>
<td>128,000</td>
</tr>
<tr>
<td>Maintenance</td>
<td>87,000</td>
<td>100,000</td>
<td>98,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Payroll taxes and benefits</td>
<td>37,000</td>
<td>31,000</td>
<td>31,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Office</td>
<td>27,000</td>
<td>31,000</td>
<td>34,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Workers’ compensation insurance</td>
<td>13,000</td>
<td>16,000</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>294,000</td>
<td>322,000</td>
<td>284,000</td>
<td>308,000</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>111,000</td>
<td>108,000</td>
<td>100,000</td>
<td>95,000</td>
</tr>
<tr>
<td>Water</td>
<td>29,000</td>
<td>33,000</td>
<td>33,000</td>
<td>33,000</td>
</tr>
<tr>
<td>Gas</td>
<td>20,000</td>
<td>9,000</td>
<td>8,000</td>
<td>12,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>160,000</td>
<td>150,000</td>
<td>141,000</td>
<td>140,000</td>
</tr>
<tr>
<td><strong>Service and Contracts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>43,000</td>
<td>45,000</td>
<td>45,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Cable T.V.</td>
<td>21,000</td>
<td>20,000</td>
<td>19,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Trash disposal</td>
<td>19,000</td>
<td>19,000</td>
<td>18,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Pool service</td>
<td>18,000</td>
<td>18,000</td>
<td>17,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Janitorial</td>
<td>15,000</td>
<td>21,000</td>
<td>21,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Pest control</td>
<td>13,000</td>
<td>14,000</td>
<td>14,000</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>129,000</td>
<td>137,000</td>
<td>134,000</td>
<td>135,000</td>
</tr>
<tr>
<td><strong>Repairs and Supplies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landscape supplies</td>
<td>15,000</td>
<td>11,000</td>
<td>9,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Equipment repairs</td>
<td>14,000</td>
<td>11,000</td>
<td>13,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>13,000</td>
<td>13,000</td>
<td>8,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Vehicle maintenance</td>
<td>12,000</td>
<td>14,000</td>
<td>7,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>
(continued)
<table>
<thead>
<tr>
<th></th>
<th>19X2 Actual</th>
<th>19X2 Budget (Unaudited)</th>
<th>19X1 Actual</th>
<th>19X1 Budget (Unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Repairs and Supplies (cont.)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fence repairs</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$8,000</td>
<td>$7,000</td>
</tr>
<tr>
<td>Plumbing</td>
<td>6,000</td>
<td>5,000</td>
<td>5,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Street repairs</td>
<td>5,000</td>
<td>2,000</td>
<td>2,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Parts and supplies</td>
<td>5,000</td>
<td>2,000</td>
<td>2,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Pool repairs</td>
<td>4,000</td>
<td>5,000</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Sprinkler supplies</td>
<td>4,000</td>
<td>7,000</td>
<td>3,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Electrical</td>
<td>3,000</td>
<td>3,000</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>3,000</td>
<td>2,000</td>
<td>1,000</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>92,000</td>
<td>83,000</td>
<td>61,000</td>
<td>70,000</td>
</tr>
<tr>
<td><strong>Insurance and Licenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>49,000</td>
<td>49,000</td>
<td>45,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Licenses</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50,000</td>
<td>50,000</td>
<td>46,000</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting</td>
<td>11,000</td>
<td>10,000</td>
<td>6,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Legal</td>
<td>9,000</td>
<td>11,000</td>
<td>8,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Office</td>
<td>4,000</td>
<td>4,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Telephone</td>
<td>4,000</td>
<td>3,000</td>
<td>3,000</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>28,000</td>
<td>28,000</td>
<td>18,000</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Bad Debts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,000</td>
<td></td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td><strong>Income Taxes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>759,000</td>
<td>770,000</td>
<td>687,000</td>
<td>713,000</td>
</tr>
<tr>
<td>Excess of Revenues Over Expenses</td>
<td>$10,000</td>
<td></td>
<td>$26,000</td>
<td>$</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# Exhibit 1.6

**XYZ CONDOMINIUM ASSOCIATION, INC.**

## Schedules of Changes in Replacement Fund Balances

### Years Ended December 31, 19X2 and 19X1

<table>
<thead>
<tr>
<th>Common Area Component</th>
<th>19X2</th>
<th></th>
<th></th>
<th>Components of Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning Fund Balance</td>
<td>Additions to Fund</td>
<td>Charges to Fund</td>
<td></td>
</tr>
<tr>
<td>Roofs</td>
<td>$96,000</td>
<td>$202,000</td>
<td>$144,000</td>
<td>$154,000</td>
</tr>
<tr>
<td>Streets</td>
<td>17,000</td>
<td>44,000</td>
<td>4,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Recreation facilities</td>
<td>50,000</td>
<td>10,000</td>
<td>5,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Exterior siding</td>
<td>38,000</td>
<td>104,000</td>
<td>94,000</td>
<td>48,000</td>
</tr>
<tr>
<td>Pools, spas, solar equipment</td>
<td>8,000</td>
<td>36,000</td>
<td>5,000</td>
<td>39,000</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>4,000</td>
<td>10,000</td>
<td>14,000</td>
<td></td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>12,000</td>
<td></td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>Lawsuit legal fees</td>
<td></td>
<td>10,000</td>
<td>10,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$225,000</strong></td>
<td><strong>$416,000</strong></td>
<td><strong>$262,000</strong></td>
<td><strong>$379,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Common Area Component</th>
<th>19X1</th>
<th></th>
<th></th>
<th>Components of Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beginning Fund Balance</td>
<td>Additions to Fund</td>
<td>Charges to Fund</td>
<td></td>
</tr>
<tr>
<td>Roofs</td>
<td>$102,000</td>
<td>$154,000</td>
<td>$160,000</td>
<td>$96,000</td>
</tr>
<tr>
<td>Streets</td>
<td>11,000</td>
<td>26,000</td>
<td>20,000</td>
<td>17,000</td>
</tr>
<tr>
<td>Recreation facilities</td>
<td>35,000</td>
<td>17,000</td>
<td>2,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Exterior siding</td>
<td>32,000</td>
<td>104,000</td>
<td>98,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Pools, spas, solar equipment</td>
<td>13,000</td>
<td>13,000</td>
<td>18,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>2,000</td>
<td>14,000</td>
<td>12,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>12,000</td>
<td></td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$195,000</strong></td>
<td><strong>$340,000</strong></td>
<td><strong>$310,000</strong></td>
<td><strong>$225,000</strong></td>
</tr>
</tbody>
</table>

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

---

* Includes interest income of $49,000, net of income taxes of $11,000 and net of a $10,000 transfer to the operating fund in 19X2 and interest income of $46,000, net of income taxes of $13,000 in 19X1.

These reconciling items may be presented as illustrated here or in separate columns in this schedule.
Exhibit 1.7

XYZ CONDOMINIUM ASSOCIATION, INC.

Supplementary Information on Future Major Repairs and Replacements

December 31, 19X2

(Unaudited)

Alternative A

The board of directors conducted a study in November 19X2 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed contractors who inspected the property.

The following table is based on the study and presents significant information about the components of common property.

<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Useful Lives (Years)</th>
<th>Estimated Current Replacement Costs</th>
<th>19X3 Funding Requirement</th>
<th>Components of Fund Balance at Dec. 31, 19X2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roofs</td>
<td>5 to 14</td>
<td>$1,620,000</td>
<td>$120,000</td>
<td>$154,000</td>
</tr>
<tr>
<td>Streets</td>
<td>5 to 14</td>
<td>96,000</td>
<td>40,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Recreation facilities</td>
<td>2 to 11</td>
<td>120,000</td>
<td>12,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Exterior siding</td>
<td>7 to 11</td>
<td>760,000</td>
<td>72,000</td>
<td>48,000</td>
</tr>
<tr>
<td>Pools, spas, solar equipment</td>
<td>2 to 14</td>
<td>112,000</td>
<td>36,000</td>
<td>39,000</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>5 to 10</td>
<td>64,000</td>
<td>10,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3 to 7</td>
<td>80,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

$2,852,000 $302,000 $379,000

Alternative B

The ABC Consulting Company conducted a study in November 19X2 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. Funding requirements consider an annual inflation rate of 5 percent and interest of 8 percent, net of taxes, on amounts funded for future major repairs and replacements.

The following table is based on the study and presents significant information about the components of common property.

<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Useful Lives (Years)</th>
<th>Estimated Future Replacement Costs</th>
<th>19X3 Funding Requirement</th>
<th>Components of Fund Balance at Dec. 31, 19X2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roofs</td>
<td>5 to 14</td>
<td>$3,023,000</td>
<td>$152,000</td>
<td>$154,000</td>
</tr>
<tr>
<td>Streets</td>
<td>5 to 14</td>
<td>179,000</td>
<td>46,000</td>
<td>57,000</td>
</tr>
<tr>
<td>Recreation facilities</td>
<td>2 to 11</td>
<td>180,000</td>
<td>15,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Exterior siding</td>
<td>7 to 11</td>
<td>1,256,000</td>
<td>93,000</td>
<td>48,000</td>
</tr>
<tr>
<td>Pools, spas, solar equipment</td>
<td>2 to 14</td>
<td>174,000</td>
<td>42,000</td>
<td>39,000</td>
</tr>
<tr>
<td>Tennis courts</td>
<td>5 to 10</td>
<td>97,000</td>
<td>12,000</td>
<td>14,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>3 to 7</td>
<td>107,000</td>
<td>14,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

$5,016,000 $374,000 $379,000
These illustrative financial statements are intended to provide sample financial statement formats and disclosures for a hypothetical CIRA; they are not intended to illustrate all disclosures required by GAAP or all of the disclosures covered in the financial statement checklist.

ABC COOPERATIVE, INC.* (A COOPERATIVE HOUSING CORPORATION)

Balance Sheet

December 31, 19X2

Assets
Cash, including investment in money market fund of $6,850 ................................................ $ 38,000
Carrying charges receivables ................................................................. 15,000
Prepaid expenses .............................................................................. 9,000
Property and equipment
  Land ................................................................................................ $ 640,000
  Building .......................................................................................... 1,720,000
  Building improvements:
    construction in progress .................................................................. 140,000
  Furniture and equipment ................................................................. 90,000
  Less: accumulated depreciation ....................................................... 1,620,000
Net property ..................................................................................... 970,000
Mortgage refinancing costs, less accumulated amortization of $15,000 .................................. 25,000
Total Assets .................................................................................... $1,057,000

Liabilities and Shareholders’ Deficiency
Accounts payable and accrued expenses ............................................ 118,000
Prepaid rents .................................................................................... 6,000
Mortgage note payable ..................................................................... 1,865,000
Security deposits of commercial lessees .......................................... 8,000
Total Liabilities ............................................................................... 1,997,000
Shareholders’ deficiency
  Common stock—$2.00 par value; authorized—
    40,000 shares; issued and outstanding—20,000 shares ....................... 40,000
  Additional paid-in-capital ......................................................... 420,000
  Deficit .................................................................................. (1,400,000)
Total shareholders’ deficiency: ....................................................... (940,000)
Total Liabilities and Shareholders’ Deficiency .................................. $1,057,000

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

* If separate funds are maintained for future repairs and replacements or for other purposes, fund reporting may be more informative to users of the financial statements of cooperative housing corporations and may be used as an alternative presentation.
## Exhibit 2.2

**ABC COOPERATIVE, INC. (A COOPERATIVE HOUSING CORPORATION)**

**Statements of Revenues, Expenses, and Deficit**

**Year Ended December 31, 19X2**

### Revenues

- Carrying charges ................................................................. $ 700,000
- Commercial rent ................................................................. 89,000
- Appliance and air-conditioning charges .................. 45,000
- Interest ................................................................. 10,000
- Resale fees ................................................................. 3,000
- Forfeited security deposits ........................................... 2,000

**Total Revenues** .............................................................. $849,000

### Expenses

- Wages, including fringe benefits ................................ $295,000
- Real estate taxes ............................................................. 237,000
- Interest ................................................................. 195,000
- Utilities ................................................................. 121,000
- Repairs and maintenance ........................................... 53,000
- Management fees ......................................................... 24,000
- Insurance ................................................................. 16,000
- Legal and accounting .................................................. 10,000
- Security ................................................................. 4,000
- Income taxes .............................................................. 2,000

**Total Expenses Before Depreciation and Amortization** .............................................................. $957,000

- Deficiency of revenues over expenses before depreciation .............................................................. (108,000)
- Depreciation ................................................................. 72,000

- Deficiency of revenues over expenses .............................................................. (180,000)
- Deficit—beginning of year ................................................ (1,220,000)

**Deficit—End of Year** .......................................................... $(1,400,000)

The accompanying notes are an integral part of these financial statements.
### Exhibit 2.3

**ABC COOPERATIVE, INC. (A COOPERATIVE HOUSING CORPORATION)**

**Statement of Cash Flows (Direct Method)**

**Year Ended December 31, 19X2**

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying charges, net of $60,000 allocated to financing activities</td>
<td>$640,000</td>
</tr>
<tr>
<td>Commercial rent</td>
<td>89,000</td>
</tr>
<tr>
<td>Appliance and air-conditioning charges and resale fees</td>
<td>48,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>10,000</td>
</tr>
<tr>
<td>Forfeited security deposits</td>
<td>2,000</td>
</tr>
<tr>
<td>Cash paid to employees and suppliers</td>
<td>(437,000)</td>
</tr>
<tr>
<td>Real estate taxes</td>
<td>(292,000)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(140,000)</td>
</tr>
<tr>
<td><strong>Net cash absorbed by operating activities</strong></td>
<td><strong>(80,000)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from financing activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying charges</td>
<td>60,000</td>
</tr>
<tr>
<td>Repayment of debt</td>
<td>(60,000)</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions to building, furniture, and equipment</td>
<td>(150,000)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalents</strong></td>
<td><strong>(230,000)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and cash equivalents:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning of period</strong></td>
<td><strong>268,000</strong></td>
</tr>
<tr>
<td><strong>End of period</strong></td>
<td><strong>$38,000</strong></td>
</tr>
</tbody>
</table>

Reconciliation of deficiency of revenues over expenses to net cash absorbed by operating activities:

| Deficiency of revenues over expenses | $(180,000) |

Adjustments to reconcile deficiency of revenues over expenses to net cash absorbed by operating activities:

| Revenue allocated to financial activities | (60,000) |
| Depreciation | 72,000 |
| (Increase) in tenant-shareholder rent receivables | (2,000) |
| Decrease in prepaid expenses | 3,000 |
| Increase in accounts payable and accrued expenses | 85,000 |
| Increase in prepaid rents | 3,000 |
| (Decrease) in security deposits of commercial leases | (1,000) |
| **Net cash absorbed by operating activities** | **(80,000)** |

The accompanying notes are an integral part of these financial statements.
Exhibit 2.4

ABC COOPERATIVE, INC. (A COOPERATIVE HOUSING CORPORATION)

Notes to Financial Statements

December 31, 19X2

Note 1: Organization

ABC Cooperative, Inc., a cooperative housing corporation (the "Corporation"), was incorporated in the state of New York in April, 19XX. The Corporation owns the eighteen-story building known as ABC Apartments located at ____________ in New York City and consisting of 175 residential apartments and ten commercial units.

Note 2: Summary of Significant Accounting Policies

Property and equipment. Property and equipment are stated at cost. Depreciation is computed on the straight-line basis, based on thirty-year life for the building and ten-year life for building improvements, furniture, and equipment.

Mortgage refinancing costs. Mortgage refinancing costs are amortized by the interest method over the ten-year term of the loan.

Note 3: Revenue

Carrying charges. Carrying charges are based on an annual budget determined by the board of directors. Tenant-shareholders are billed monthly based on their respective stock holdings. The Corporation retains excess operating funds, if any, at the end of the operating year, for use in future operating periods.

Commercial rent. The Corporation has entered into five-year lease agreements with ten commercial tenants providing for annual rentals aggregating $92,000 with increases based on the Consumer Price Index.

Note 4: Mortgage Note Payable

The Corporation has a mortgage note payable, secured by the land and building, to XYZ Bank of New York with interest at the rate of 10 percent. The aggregate amount of required principal payments at December 31, 19X2 is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>19X3</td>
<td>$61,000</td>
</tr>
<tr>
<td>19X4</td>
<td>$62,000</td>
</tr>
<tr>
<td>19X5</td>
<td>$63,000</td>
</tr>
<tr>
<td>19X6</td>
<td>$65,000</td>
</tr>
<tr>
<td>19X7</td>
<td>$67,000</td>
</tr>
<tr>
<td>later years</td>
<td>1,547,000</td>
</tr>
<tr>
<td>Total</td>
<td>$1,865,000</td>
</tr>
</tbody>
</table>

Note 5: Federal and State Taxes

The Corporation is subject to federal and state taxation on net income derived from transactions with nonmembers pursuant to section 277 of the Internal Revenue Code. Income tax expense in 19X2 was $2,000.

Note 6: Future Major Repairs and Replacements

The Corporation's governing documents require that funds be accumulated for future major repairs and replacements. The Corporation has not accumulated those funds. When those funds are needed, the (cont’d)
Corporation plans to borrow, increase carrying charges, or delay repairs and replacements until funds are available.

The board of directors conducted a study in November 19X2 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed contractors who inspected the property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on the study.
Exhibit 2.5

ABC COOPERATIVE, INC. (A COOPERATIVE HOUSING CORPORATION)

.15 Supplementary Information on Future Major Repairs and Replacements

December 31, 19X2

(Unaudited)

In November 19X2, the board of directors conducted a study to estimate the remaining useful lives and the replacement costs of the components of the building, furniture, and equipment. The estimates were obtained from licensed contractors who inspected the property. The following table is based on that study and presents significant information about the components of the building, furniture, and equipment.

<table>
<thead>
<tr>
<th>Components</th>
<th>Estimated Remaining Useful Lives (Years)</th>
<th>Estimated Current Replacement Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roof</td>
<td>15</td>
<td>$175,000</td>
</tr>
<tr>
<td>Exterior</td>
<td>3</td>
<td>30,000</td>
</tr>
<tr>
<td>Recreation facilities</td>
<td>2-5</td>
<td>25,000</td>
</tr>
<tr>
<td>Carpeting</td>
<td>5</td>
<td>45,000</td>
</tr>
<tr>
<td>Furniture and equipment</td>
<td>2-7</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$290,000</td>
</tr>
</tbody>
</table>
TECHNICAL HOTLINE
The AICPA Technical Information Service answers inquiries about specific audit or accounting problems.
Call Toll Free
(800) TO-AICPA or
(800) 862-4272
This service is free to AICPA members.