



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Charbonneau Country Club

We have reviewed the accompanying financial statements of Charbonneau Country Club, which comprise the balance sheets as of December 31, 2022, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Charbonneau Country Club and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications, other than noted in the following paragraph, that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

As disclosed in the footnotes to these financial statements, the Association has elected to record its subsidiary at cost and not consolidate the financial statements which is required by generally accepted accounting principles. The results of the operations and cash flows of the subsidiary have not been included in these financial statements.

Report on Summarized Comparative Information

We have previously audited Charbonneau Country Club's December 31, 2021, financial statements and our report dated May 10, 2022 expressed an unmodified opinion on those financials. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Supplementary Information

The Supplementary Statements of Revenue and Expenses - Separated by Operating Funds and Reserve Funds are presented for the purposes of additional analysis and are not a required part of the financial statements. The information is the representation of management. The information has been subjected to the auditing procedure applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Anders & Company, PC

Portland, Oregon
May 3, 2023

CHARBONNEAU COUNTRY CLUB

BALANCE SHEETS

December 31, 2022 (Reviewed) (With Comparative Totals for 2021 (Audited))

	Operating Fund	Reserve Fund	Capital Improvement Fund	Totals 2022	2021
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 407,005	\$ 284,628	\$ 59,297	\$ 750,930	\$ 2,455,884
Certificates of Deposits	-	1,759,016	888,000	2,647,016	1,296,000
Assessments receivable	43,262	-	-	43,262	45,110
Prepaid expenses	74,241	-	-	74,241	61,783
Prepaid income taxes	4,020	-	-	4,020	4,131
Deposits	1,952	-	-	1,952	1,396
Total Current Assets	530,480	2,043,644	947,297	3,521,421	3,864,304
IMPROVEMENTS AND EQUIPMENT, net of accumulated depreciation					
	9,144,407	-	-	9,144,407	5,689,713
Subsidiary-Charbonneau Golf Club, Inc	49,894	-	-	49,894	49,894
Total Assets	\$ 9,724,781	\$ 2,043,644	\$ 947,297	\$ 12,715,722	\$ 9,603,911
LIABILITIES AND FUND BALANCES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,021	\$ -	\$ -	\$ 1,021	\$ 2,149
Unearned revenue	67,965	-	-	67,965	3,863
Payroll liabilities	800	-	-	800	544
Retirement plan payable	2,334	-	-	2,334	-
Income taxes payable	39	-	-	39	-
Assessments received in advance	303,068	-	-	303,068	20,198
Refundable deposits	19,236	-	-	19,236	16,211
Current portion of long-term debt	142,823	-	-	142,823	142,823
Total Current Liabilities	537,286	-	-	537,286	185,788
RESERVE-CONTRACTS LIABILITY	-	2,043,644	-	2,043,644	2,931,917
LONG-TERM DEBT, less current portion	6,494,506	-	-	6,494,506	4,078,389
FUND BALANCES	2,692,989	-	947,297	3,640,286	2,407,817
Total Liabilities and Fund Balances	\$ 9,724,781	\$ 2,043,644	\$ 947,297	\$ 12,715,722	\$ 9,603,911

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

CHARBONNEAU COUNTRY CLUB

STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2022 (Reviewed) (With Comparative Totals for 2021 (Audited))

	Operating Fund	Reserve Fund	Capital Improvement Fund	Totals 2022	2021
REVENUE					
Member assessments	\$ 1,339,517	\$ 171,025	\$ 663,816	\$ 2,174,358	\$ 2,076,077
Rental income	18,483	-	-	18,483	7,093
Event income	16,983	-	-	16,983	8,890
Fitness center	26,414	-	-	26,414	16,602
Guest fees	1,590	-	-	1,590	260
Administrative service income	9,708	-	-	9,708	13,423
Interest income	-	10,811	2,887	13,698	3,303
Miscellaneous income	19,677	-	-	19,677	16,258
Insurance proceeds	-	20,700	-	20,700	-
Reserve transfer to contracts liability	-	90,634	-	90,634	(655,909)
	<u>1,432,372</u>	<u>293,170</u>	<u>666,703</u>	<u>2,392,245</u>	<u>1,485,997</u>
EXPENSES					
Salaries and wages	276,303	-	-	276,303	245,816
Payroll taxes	23,449	-	-	23,449	20,980
Employee benefits	27,290	-	-	27,290	31,302
Repairs and maintenance	93,347	293,150	-	386,497	237,904
Annex expenses	51,715	-	-	51,715	16,902
Landscape maintenance	314,707	-	-	314,707	278,995
Depreciation expense	208,120	-	-	208,120	70,164
Utilities	72,069	-	-	72,069	70,587
Insurance	86,934	-	-	86,934	70,216
Communications	22,298	-	-	22,298	11,365
Janitorial	66,197	-	-	66,197	33,594
Supplies	16,572	-	-	16,572	8,428
Clubhouse amenities	14,038	-	-	14,038	7,550
Projects	(1,317)	-	-	(1,317)	945
Filing fees	919	-	-	919	340
Community activities	13,920	-	-	13,920	5,021
Special events	15,892	-	-	15,892	10,129
Disaster preparedness	5,856	-	-	5,856	3,790
Civic affairs	13,200	-	-	13,200	12,000
Fitness center	30,435	-	-	30,435	48,264
Office expenses	32,183	-	-	32,183	19,927
Professional fees	30,830	-	-	30,830	25,409
Security	117,812	-	-	117,812	104,392
Management services	95,503	-	-	95,503	89,106
Dues	31,527	-	-	31,527	30,333
Lease	2,043	-	-	2,043	1,984
Administrative expenses	-	20	-	20	4,438
Income tax expenses	150	-	-	150	-
Personal property taxes	2,253	-	-	2,253	2,149
	<u>1,664,245</u>	<u>293,170</u>	<u>-</u>	<u>1,957,415</u>	<u>1,462,030</u>
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	(231,873)	-	666,703	434,830	23,967
BEGINNING FUND BALANCES	2,407,817	-	891,770	3,299,587	2,453,701
PERMANENT FUND TRANSFERS	(94,131)	94,131	-	-	-
CAPITALIZED ASSET TRANSFERS	611,176	-	(611,176)	-	-
TRANSFER TO RESERVE-CONTRACTS LIABILITY	-	(94,131)	-	(94,131)	(69,851)
ENDING FUND BALANCES	<u>\$ 2,692,989</u>	<u>\$ -</u>	<u>\$ 947,297</u>	<u>\$ 3,640,286</u>	<u>\$ 2,407,817</u>

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

CHARBONNEAU COUNTRY CLUB

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2022 (Reviewed) (With Comparative Totals for 2021 (Audited))

	Operating Fund	Reserve Fund	Capital Improvement Fund	Total 2022	Total 2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess of revenue over expenses	\$ (231,873)	\$ -	\$ 666,703	\$ 434,830	\$ 23,967
Adjustments to reconcile excess (deficit) of revenue over expenses to net cash provided (used) by operating activities:					
Depreciation	208,120	-	-	208,120	70,164
(Increase) decrease in:					
Assessments receivable	1,848	-	-	1,848	(11,462)
Prepaid expenses	(12,458)	-	-	(12,458)	(5,000)
Prepaid income taxes	111	-	-	111	(2,315)
Increase (decrease) in:					
Accounts payable	(1,128)	-	-	(1,128)	(1,814)
Accrued expenses	256	-	-	256	(23)
Prepaid assessments	282,870	-	-	282,870	(234,018)
Retirement plan payable	2,334	-	-	2,334	-
Income taxes payable	39	-	-	39	-
Deposits	2,469	-	-	2,469	223
Reserve-contracts liability	-	(90,634)	-	(90,634)	655,909
Unearned revenue	64,102	-	-	64,102	(81,880)
Net Cash Provided (Used) by Operating Activities	316,690	(90,634)	666,703	892,759	413,751
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of building and equipment	(3,662,814)	-	-	(3,662,814)	(3,532,080)
Permanent fund transfers	(94,131)	94,131	-	-	-
Permanent capitalized asset transfers	611,176	-	(611,176)	-	-
Net Cash Provided (Used) by Investing Activities	(3,145,769)	94,131	(611,176)	(3,662,814)	(3,532,080)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings on loan payable	2,416,117	-	-	2,416,117	4,221,212
Purchase of investments	-	(1,759,016)	(888,000)	(2,647,016)	(1,296,000)
Redemption of Investments	-	1,146,000	150,000	1,296,000	240,000
Net Cash Provided (Used) by Investing Activities	2,416,117	(613,016)	(738,000)	1,065,101	3,165,212
Net Increase (Decrease) in Cash	(412,962)	(609,519)	(682,473)	(1,704,954)	46,883
CASH, beginning of year	819,967	894,147	741,770	2,455,884	2,409,001
CASH, end of year	\$ 407,005	\$ 284,628	\$ 59,297	\$ 750,930	\$ 2,455,884
SUMMARY OF CASH ACCOUNTS					
Operating fund				\$ 407,005	\$ 819,967
Designated for future repairs and replacements				284,628	894,147
Designated for capital improvements				59,297	741,770
				\$ 750,930	\$ 2,455,884
Supplemental Disclosure:					
Cash paid for income taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,315
Cash paid for interest	\$ -	\$ -	\$ 195,338	\$ 195,338	\$ 36,932

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

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

DESCRIPTION OF ORGANIZATION-

Charbonneau Country Club is a homeowners' association organized under the laws of the State of Oregon for the purpose of maintaining and preserving common property of Charbonneau Country Club. Charbonneau Country Club is a master planned community which consists of 1,627 residential units including single family homes, condominiums, townhomes, an assisted living center and apartments occupying a site of approximately 477 acres in Clackamas County, Oregon. The common areas include a clubhouse, activity center, boat house, marina, tennis courts, RV yard, swimming pools and parks. The Association was incorporated on April 19, 1977.

SUMMARY OF SIGNIFICANT POLICIES-

Fund accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating fund

These funds are used to account for financial resources available for the general operations of the Association.

Reserve fund

These funds are used to accumulate financial resources designated for future major repairs and replacements. Disbursements generally may be made only for designated purposes.

Capital Improvement fund

These funds are used to accumulate financial resources designated for capital improvements. Disbursements generally may be made only for designated purposes.

Cash and cash equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

The Association invests in Certificates of Deposits that are FDIC insured, for cash that is in excess of reasonable current needs in the Reserve fund.

Member assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Assessments receivable at the balance sheet date represents fees due from unit owners. The Association's policy is to place liens on the properties of homeowners whose assessments are delinquent by 120 days or more. The Board of Directors determines the annual budget and members assessments. Any excess assessments at year end are retained by the Association for use in future years.

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Revenue recognition

Assessments and membership dues are billed in advance and are recognized as income when earned. Revenue billed or received, but not earned, is shown as unearned revenue and Reserve-contract liability in the liabilities section of the accompanying balance sheets. All other fees and charges are recognized when the Association's services have been provided.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates.

Income taxes

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations.

If the Association elects to be taxed as a homeowner's Association, the Association is taxed on its net nonexempt function, such as interest earnings, at a flat 30% for federal, plus state. Exempt function income, which consists primarily of member assessments, is not taxable. As a regular corporation, membership income is exempt from taxations if certain elections are made, and the Association is taxed only on its net nonmembership income, such as interest earnings, at regular federal and state corporate rates.

Interest income

Interest income is allocated to the operating and reserve funds in proportion to the interest-bearing deposits of each fund.

Property, improvements and equipment

Common property consists of common area land and improvements which were contributed by the developer to the Association and property acquired by the Association subsequently. The Association's duty is to maintain these assets after transfer.

In accordance with generally accepted accounting principles for common interest realty associations, some common property is not recognized as an asset since it is not anticipated that the common areas will generate significant revenues from members or nonmembers on the basis of usage. In addition, the property may not be sold or transferred at the discretion of the Board of Directors.

Property, improvements and equipment acquired by the Association are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to expense. The assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

SUMMARY OF SIGNIFICANT POLICIES-(Continued)

Investment in Subsidiary

The Association has acquired a subsidiary, Charbonneau Golf Club, Inc. which is being recorded at cost basis.

Comprehensive income

The Association has no components of other comprehensive income. Comprehensive income consists of net unrealized gains or losses from certain securities.

ASSESSMENTS RECEIVABLE-

At December 31, 2022, the Association had assessments receivable of \$43,262 (\$45,110 in 2021). The Board of Directors has determined that all dues are collectible, and, therefore, no allowance for doubtful accounts is deemed necessary for the years ending December 31 2022 and 2021.

PROPERTY, IMPROVEMENTS AND EQUIPMENT-

Property, improvements and equipment consist of the following:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 233,627	\$ 233,627
Activity Center and equipment	11,232,543	3,077,145
Construction in progress	224,195	4,722,525
Less accumulated depreciation	<u>(2,545,958)</u>	<u>(2,343,584)</u>
	<u>\$ 9,144,407</u>	<u>\$ 5,689,713</u>

Depreciation expense related to property, improvements and equipment was \$208,120 and \$70,164 for the years ending December 31, 2022 and 2021, respectively.

During the year ended December 31, 2022, \$3,662,812 was spent for the new activities center and other assets which included \$195,338 of interest that was paid and capitalized.

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

CERTIFICATES OF DEPOSIT-

The Association has purchased certificates of deposit with over a three-month maturity to invest excess funds. The certificates are carried on the Association's books at cost which equals market. At December 31, 2022 and 2021, the Association had certificates of deposit as summarized below:

	Cost	Market	Unrealized	2022	2021
	Basis	Balance	(Gain)	Adjusted	Adjusted
			Loss	Cost Balance	Cost Balance
Reserve Fund					
Certificates of Deposit FDIC insured,					
1.9 to 4.7% interest, maturing January 2023					
through November 2023	\$ 1,759,016	\$ 1,752,502	\$ 6,514	\$ 1,759,016	\$ 1,146,000
Capital Improvement Fund					
Certificates of Deposit FDIC insured,					
2.9 to 4.05% interest, maturing January 2023					
through October 2023	888,000	884,594	3,406	888,000	150,000
Less current portion -CDs	<u>(2,647,016)</u>	<u>(2,637,096)</u>	<u>(9,920)</u>	<u>(2,647,016)</u>	<u>(1,296,000)</u>
Total Certificates of Deposit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FUTURE MAJOR REPAIRS AND REPLACEMENTS-

The Association's governing documents require funds to be accumulated for improvements and future major repairs and replacement. Accumulated funds are held in a separate accounts and are generally not available for expenditures for normal operations.

During 2022, the Board of Directors, through an independent local consultant, updated reserve studies with a site visit to estimate the remaining useful lives and replacement costs of common property components. Funding requirements assume an annual inflation rate of 4.0% and a .25% rate of investment earnings. The table included in the compiled Supplementary Information on Future Major Repairs and Replacements is based on these studies.

The Board will be funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the reserve fund. The funding requirement of \$864,174 (\$758,720 for the clubhouse of which \$663,816 is designated for capital improvements, \$30,358 for single family common property, \$20,571 for tennis, \$31,289 for RV yard, and \$23,236 for marina) was estimated and included in the 2023 budget.

Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right to increase regular assessments, levy special assessments, subject to member approval, or it may delay major repairs and replacements until funds are available.

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

RESERVE-CONTRACTS LIABILITY

The Association has collected dues for future reserve assessments in excess of current year costs which are considered deferred income and are recorded as reserve-contract liability on the balance sheet. At December 31, 2022, \$2,043,644 was included on the balance sheet (\$2,931,917 in 2021).

NOTE PAYABLE-

During 2021, the Association obtained a bank line of credit in the amount of \$6,700,000 to complete capital improvements on the new community center to be repaid over ten years with interest at 3.125% followed by an adjustment on interest for another 10 years. The repayment terms are interest only through June 16, 2023 with a payment of \$37,735.74 including principal and interest commencing June 16, 2023 and continuing until February 16, 2031 when it will be paid in full. During September 2022, the Association modified the loan to adjust the total amount available to borrow to \$8,700,000 and extend the draw period and interest only payment period to June 16, 2023. The balance at December 31, 2022 is \$6,700,000 with additional monthly advances to cover construction completed up to the total loan amount through June 16, 2023. The loan is secured by Association's current and future assessments and reserve funds. The bank has determined that it will allow the Association to issue the financial statements stating that the Association has elected not to consolidate under GAAP and still be in line with the loan covenants. During 2022 the Association was charged \$193,337 in interest and \$7,500 in loan fees all of which were capitalized (\$39,932 in 2021).

Future maturities of long-term debt are as follows as of December 31, 2022:

2023- \$142,823
2024- \$251,192
2025- \$259,156
2026- \$267,371
2027- \$275,847

INCOME TAXES-

Income taxes are due on net investment income and non-membership fees. Income taxes are not considered due on membership dues. For the year ended December 31, 2022, the Association was taxed as a regular corporation (homeowner's association for 2021). The Association has no deferred tax assets or liabilities. The Association is no longer subject to US federal and state tax examinations for years prior to 2020. The Association owed \$150 for the Oregon minimum tax for 2022.

During 2022, the Association invested in solar panels and received the investment tax credit in the amount of \$34,963 which is available to offset future federal taxes with an expiration date through 2042.

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

CONCENTRATION OF CREDIT RISK-

At December 31, 2022, the Association had one interest-bearing demand accounts that exceeded FDIC limits on hand at financial institutions in the amount of \$99,900 (\$510,816 in 2021). Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for assets in interest bearing accounts and non-interest-bearing accounts. The Association does not believe its risk to be significant.

LEASES-

During March 2017, the Association extended their waterway lease for an additional 15 years with successive renewal ability for successive 15-year terms. The Association pays the State of Oregon an annual land lease for the property located under the water and docks maintained in the marina. All property improvements in excess of \$15,000 must have written approval by the lessor in advance. Lease expense was \$2,043 for the year ended December 31, 2022 and subsequent years subject to adjustments according to state law (\$1,984 in 2021).

During February 2022, the Association entered into a 5-year lease agreement with Clackamas County for the Sheriff's Marine Unit to utilize the Charbonneau Country Club's boathouse on Slip 37. The lease is \$3,000 annually due by July 15th. The base rent amount shall increase annually by 3% for the entire lease term. Rent not paid when due shall, after 15 days written notice, bear simple interest at the rate of 1.5% per month until paid.

June 2023-\$3,090
June 2024-\$3,183
June 2025-\$3,278
June 2026-\$3,377
June 2027-\$3,478

The Association leased space for an exercise room. The lease term was three years which expired on July 31, 2022 and was not renewed.

SIMPLE PENSION PLAN-

In 2001, the Association established a SIMPLE IRA plan with employer matching contributions up to 3% of compensation for all eligible employees. Employer matching contributions totaled \$6,381 for 2022 (\$5,985 in 2021).

LINE OF CREDIT-

The Association is eligible to borrow against the investment account. There were no borrowings against this line at December 31, 2022. Approximately \$1,713,650 was available to borrow at December 31, 2022.

CHARBONNEAU COUNTRY CLUB

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 (Reviewed) and 2021 (Audited)

DEPARTURE FROM GENERALLY ACCEPTED FINANCIAL STANDARDS

During 2020, the Association formed a for-profit wholly owned subsidiary corporation, CC Merger Sub Inc. (Merger Sub) to complete a Reverse Triangular Merger with Charbonneau Golf Club, Inc. CC Merger Sub Inc. (Merger Sub) merged with Charbonneau Golf Club Inc., with Charbonneau Golf Club Inc. being the surviving entity. Charbonneau Golf Club Inc. is a wholly owned for-profit subsidiary of Charbonneau Country Club. The Association has determined that they are two separate businesses and will record the subsidiary at cost in the financial statements and not record any equity changes or results of operations as the Board does not have control of the operations and feel they do not have any financial exposure for the Association other than their cost basis. Charbonneau Country Club has recorded this acquisition on its books at cost.

RECLASSIFICATIONS-

Certain prior year amounts have been reclassified for consistency with the current year presentation. These classifications have no effect on the previously reported results of operations or fund balances.

SUBSEQUENT EVENTS-

The Association is in the process of negotiating a loan with Charbonneau Golf Club for re-siding their portion of the common building. The loan will be payable to Charbonneau Country Club over 8 years at interest of 3.125%.

In preparation of the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 3, 2023, the date that the financial statements were available to be issued. No other items were noted.

CHARBONNEAU COUNTRY CLUB

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS (COMPILED)

December 31, 2022

The Board of Directors, through an independent consultant, updated studies with a site visits in 2022 to estimate the remaining useful lives and replacement costs of the components of common property. The estimates were obtained from licensed contractors and suppliers who were familiar with the property. Replacement costs were based on estimated costs to repair or replace the common components at the date of the study. The study includes items with remaining lives between three and thirty years.

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

	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	2023 Anticipated Expenditures
<u>Components</u>			
Roofing	7 to 17	\$ 319,744	\$ -
Siding	0 to 29	1,263,292	418,064
Painting	0 to 14	120,845	42,786
Building components	4	8,302	-
Gutters & downspouts	9	5,673	-
Streets & asphalt	29	77,180	-
Fencing & security	0 to 4	61,892	18,000
Equipment	0 to 29	1,175,028	56,393
Interior furnishings	0 to 29	796,979	27,516
Lighting	0 to 29	193,241	56,734
Grounds components	0 to 23	1,415,019	919,377
Signs	6 to 14	38,579	-
Doors & windows	0 to 29	294,747	4,085
Inspection	7 to 24	13,939	-
Insurance deductible	0	5,000	5,000
		<u>5,789,460</u>	<u>1,547,955</u>
 Country Club Estates			
Pools	0 to 16	441,643	35,975
Fence & walls	0 to 3	88,720	11,232
Inspections	2 to 22	17,269	-
Insurance deductible	0	10,000	10,000
		<u>557,632</u>	<u>57,207</u>
Total		<u>\$ 6,347,092</u>	<u>\$ 1,605,162</u>

The Reserve-contracts liability balance at December 31, 2022 is \$2,043,644.

See independent auditors report.

CHARBONNEAU COUNTRY CLUB

STATEMENTS OF REVENUE AND EXPENSES -SEPARATED BY OPERATING FUND

For the Year Ended December 31, 2022

(Supplemental Schedule I)

	Clubhouse	Single Family	Tennis	RV Yard	Marina	Elimination	2022
REVENUE							
Member assessments	\$ 1,100,838	\$ 117,124	\$ 78,566	\$ 12,371	\$ 30,618	\$ -	\$ 1,339,517
Rental income	18,483	-	-	-	-	-	18,483
Event income	11,483	-	5,500	-	-	-	16,983
Fitness center	26,414	-	-	-	-	-	26,414
Guest fees	-	-	1,590	-	-	-	1,590
Administrative service income	29,111	-	-	-	-	(19,403)	9,708
Miscellaneous income	19,277	-	400	-	-	-	19,677
	<u>1,205,606</u>	<u>117,124</u>	<u>86,056</u>	<u>12,371</u>	<u>30,618</u>	<u>(19,403)</u>	<u>1,432,372</u>
EXPENSES							
Salaries and wages	276,303	-	-	-	-	-	276,303
Payroll taxes	23,449	-	-	-	-	-	23,449
Employee benefits	27,290	-	-	-	-	-	27,290
Repairs and maintenance	51,150	25,385	7,390	3,943	5,479	-	93,347
Annex expenses	51,715	-	-	-	-	-	51,715
Landscape maintenance	300,362	14,345	-	-	-	-	314,707
Depreciation expense	187,259	6,265	14,105	196	295	-	208,120
Utilities	34,795	18,438	13,550	4,838	448	-	72,069
Insurance	69,453	3,111	10,756	210	3,404	-	86,934
Communications	22,298	-	-	-	-	-	22,298
Janitorial	56,240	-	9,957	-	-	-	66,197
Supplies	6,621	9,951	-	-	-	-	16,572
Clubhouse amenities	14,038	-	-	-	-	-	14,038
Projects	-	-	(1,317)	-	-	-	(1,317)
Filing fees	919	-	-	-	-	-	919
Community activities	11,010	-	2,910	-	-	-	13,920
Special events	13,731	-	2,161	-	-	-	15,892
Disaster preparedness	5,856	-	-	-	-	-	5,856
Civic affairs	13,200	-	-	-	-	-	13,200
Fitness center	30,435	-	-	-	-	-	30,435
Office expenses	32,183	-	-	-	-	-	32,183
Professional fees	30,830	-	-	-	-	-	30,830
Security	117,812	-	-	-	-	-	117,812
Management services	34,991	28,560	12,764	5,232	13,956	-	95,503
Dues	31,527	-	-	-	-	-	31,527
Lease	-	-	-	-	2,043	-	2,043
Administrative services	-	7,233	9,385	1,349	1,436	(19,403)	-
Income tax expense	150	-	-	-	-	-	150
Personal property taxes	2,253	-	-	-	-	-	2,253
	<u>1,445,870</u>	<u>113,288</u>	<u>81,661</u>	<u>15,768</u>	<u>27,061</u>	<u>(19,403)</u>	<u>1,664,245</u>
(DEFICIT) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (240,264)</u>	<u>\$ 3,836</u>	<u>\$ 4,395</u>	<u>\$ (3,397)</u>	<u>\$ 3,557</u>	<u>\$ -</u>	<u>\$ (231,873)</u>

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

CHARBONNEAU COUNTRY CLUB

STATEMENTS OF REVENUE AND EXPENSES -SEPARATED BY RESERVE FUND

For the Year Ended December 31, 2022

	Clubhouse	Single Family	Tennis	RV Yard	Marina	2022
REVENUE						
Member assessments	\$ 90,126	\$ 29,120	\$ 4,141	\$ 26,129	\$ 21,509	\$ 171,025
Interest income	9,109	1,702	-	-	-	10,811
Insurance proceeds	20,700	-	-	-	-	20,700
Reserve transfer to contracts liability	21,336	(30,822)	47,801	46,511	5,808	90,634
	<u>141,271</u>	<u>-</u>	<u>51,942</u>	<u>72,640</u>	<u>27,317</u>	<u>293,170</u>
EXPENSES						
Repairs and maintenance	141,251	-	51,942	72,640	27,317	293,150
Administrative services	20	-	-	-	-	20
	<u>141,271</u>	<u>-</u>	<u>51,942</u>	<u>72,640</u>	<u>27,317</u>	<u>293,170</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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