

MICHAEL J. GARTZKE
CERTIFIED PUBLIC ACCOUNTANT
5669 CALLE REAL, SUITE A
GOLETA, CA 93117
805-964-7806

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Second University Village Homeowners Association

I have reviewed the accompanying financial statements of Second University Village Homeowners Association which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of revenue, expenses and changes in fund balances and cash flows for the years 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, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion. I am required to be independent of Second University Village Homeowners Association and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Generally accepted accounting principles require that the supplementary information about future major repairs and replacements be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the AICPA, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I did not compile, review or audit the required supplementary information and, accordingly, do not express an opinion or provide any assurance on the information.



Goleta, California
June 30, 2022

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

BALANCE SHEETS

December 31, 2021 and 2020

ASSETS:	Operating Fund	2021 Reserve Funds	Total Funds	2020 Total Funds
Cash in Checking	\$23,605	\$59,405	\$83,010	\$49,582
Assessments Receivable	543		543	3,180
Less: Allowance for Doubtful Accounts	(361)		(361)	(1,749)
Prepaid Insurance	4,325		4,325	4,318
Prepaid Income Taxes	219		219	219
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$28,331	\$59,405	\$87,736	\$55,550
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Prepaid Assessments	\$1,186		\$1,186	\$3,840
Accounts Payable	1,701		1,701	2,453
Income Taxes Payable			0	0
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	\$2,887	\$0	\$2,887	\$6,293
FUND BALANCES	25,444	59,405	84,849	49,257
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$28,331	\$59,405	\$87,736	\$55,550
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes and Accountant's Review Report
are an integral part of these financial statements.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

For the Years Ended December 31, 2021 and 2020

	Operating Fund	2021 Reserve Funds	Total Funds	2020 Total Funds
REVENUES				
Operating Assessments	\$67,925	\$29,195	\$97,120	\$97,120
Late Fees	368		368	135
Other Income	1,493		1,493	120
Interest Income		32	32	109
TOTAL REVENUES	<u>\$69,786</u>	<u>\$29,227</u>	<u>\$99,013</u>	<u>\$97,484</u>
EXPENSES				
Utilities				
Electricity	\$2,964		\$2,964	\$3,154
Gas	3,961		3,961	328
Trash	1,418		1,418	739
Water	4,401		4,401	4,064
Total Utilities	<u>\$12,744</u>	<u>\$0</u>	<u>\$12,744</u>	<u>\$8,285</u>
Common Area Maintenance				
Landscape Maintenance	\$11,400		\$11,400	\$11,775
Pool	8,275	1,975	10,250	12,385
Cleaning	1,671		1,671	0
Repairs and Maintenance	2,652		2,652	1,384
Clubhouse			0	3,548
Plumbing		515	515	0
Tennis Court			0	8,675
Total Common Area Maintenance	<u>\$23,998</u>	<u>\$2,490</u>	<u>\$26,488</u>	<u>\$37,767</u>

The accompanying Notes and Accountant's Review Report
are an integral part of these financial statements.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

For the Years Ended December 31, 2021 and 2020

	Operating Fund	2021 Reserve Funds	Total Funds	2020 Total Funds
Insurance	\$8,705		\$8,705	\$8,419
Management and General Expenses				
Accounting	\$7,620		\$7,620	\$7,500
Professional Services	2,275		2,275	4,655
Website	175		175	126
Administrative	4,227		4,227	5,397
Taxes and Licenses	1,187		1,187	962
Income Taxes	0		0	0
Total Management and General Expense	\$15,484	\$0	\$15,484	\$18,640
Total Expenses	\$60,931	\$2,490	\$63,421	\$73,111
Net Income (loss)	\$8,855	\$26,737	\$35,592	\$24,373
Fund Balance-Beginning of Year	16,589	32,668	49,257	24,884
Interfund Transfer			0	0
Fund Balance-End of Year	\$25,444	\$59,405	\$84,849	\$49,257

The accompanying Notes and Accountant's Review Report
are an integral part of these financial statements.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2021 and 2020

	2021 Total Funds	2020 Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficit) of revenues over expenses	\$35,592	\$24,373
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities		
(Increase) decrease in Assessments Receivable	1,249	(1,043)
(Increase) decrease in Prepaid Insurance	(7)	(123)
(Increase) decrease in Prepaid Taxes	0	0
(Decrease) increase in Accounts Payable	(752)	(175)
(Decrease) increase in Prepaid Assessments	(2,654)	3,408
(Decrease) increase in Payroll Taxes Payable	0	0
	-----	-----
Net Cash Provided (Used) by Operating Activities	\$33,428	\$26,440
Cash Provided (Used) by Investing Activities		
None	-----	-----
Net Change in Cash	\$33,428	\$26,440
Cash at beginning of year	49,582	23,142
Interfund Transfer	0	0
	-----	-----
Cash at end of year	\$83,010	\$49,582
	=====	=====
Supplemental Disclosure:		
Income Taxes Paid	\$0	\$0
	=====	=====

The accompanying Notes and Accountant's Review Report
are an integral part of these financial statements.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020
(See Accountant's Review Report)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Second University Village Homeowners Association was incorporated September 11, 1969. This planned development association consists of 269 homes located in Goleta, California. The association's primary purpose is to maintain, protect and manage the common areas owned by the members such as recreation facilities and related areas. The association does not maintain any of the homes or individual lots or public streets within the association.

Method of Accounting

The association employs the accrual method of accounting, recognizing income when it is earned and expenses as they are incurred. In addition, the association maintains the following two funds:

Operating Fund - Pays for all the ordinary day-to-day expenses of the association such as utilities, insurance, administration and minor maintenance and landscaping of the common area.

Reserve Funds - A portion of the quarterly assessment is periodically allocated into a segregated reserve fund to meet the anticipated future major repair and replacement obligations of the association's common area. See supplementary information following.

Member Assessments

Association members are subject to quarterly 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 represent fees due from unit owners. The association has rights and remedies through its governing documents and the California Civil Code to institute collection action, place liens and/or foreclose to compel payment of assessments. Any excess operating assessments are carried forward to the following year's assessments.

An allowance for doubtful accounts has been established for balances which are very delinquent and for which normal collection activity has not yet been successful.

Revenue Recognition

Assessment revenue is recognized when assessments are due. Any amounts received in advance of the due date are deferred until due. The Financial Accounting Standards Board issued Accounting Standards Code (ASC) 606 requiring the deferral of the recognition of income until the services are rendered. The Association has determined ASC 606 does not apply to the Association as no customer relationship exists as it is defined by that Code. The Association does not defer the recognition of any portion of revenue as a Contract Liability.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020
(See Accountant's Review Report)

Cash and Cash Equivalents

For the Statements of Cash Flows, the Association considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Estimates

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

NOTE 2 – DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through June 30, 2022, the date the financial statements were available to be issued.

NOTE 3 - REPLACEMENT FUNDING PROGRAM - RESTRICTED FUNDS

The association is funding for the future replacement of common areas. These funds are set aside in the money market account and are not to be used in the course of normal operations.

An analysis to determine the adequacy of the replacement funds was prepared in February 2019 by an independent reserve study preparer. The table included in the supplementary information is based upon this analysis.

Actual expenditures and the timing of these expenditures may vary substantially from the estimates presented. To the extent that current replacement funds are inadequate, the association has the right to increase the monthly assessment, pass special assessments subject to California law or delay replacement until funds are available.

NOTE 4 - INCOME TAXES

The association is a mutual benefit corporation incorporated in the state of California. Although the association is a tax-exempt membership corporation, it can pay taxes on its investment earnings and nonmembership income. For the years ended December 31, 2020, the association has elected to be taxed as a homeowners association under Internal Revenue Code Section 528 for income tax purposes. Membership income may be excluded from taxation when certain elections are made.

As of December 31, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021 and 2020
(See Accountant's Review Report)

NOTE 5 – SUBSEQUENT EVENT – COVID-19

The Coronavirus outbreak which started in March 2020 may have impacts towards the operation and management of the Association. These include, but are not limited to, the collection of assessments, the receipt and cost of services and ongoing maintenance of the common area. At this time, it is not known how long this event will last or the resulting future impacts to the Association.

SECOND UNIVERSITY VILLAGE HOMEOWNERS ASSOCIATION

Supplementary Information on Future Major Repairs and Replacements

December 31, 2021

The association had its reserve study updated by an independent reserve study preparer in February 2019. Cost information was obtained from historical cost data, published information, consultation with association contractors and the preparer's own experience. The following table is based upon the analysis and presents significant information about the components of common property.

Components	Estimated Remaining Lives (Years)	Estimated Current Replacement Costs 2019	Allocated Funding Fiscal Year 2022	12/31/21 Reserves Funded
Clubhouse	0 - 29	\$71,100		
Paving	0 - 9	64,950		
Pools	0 - 29	63,500		
Pool Deck	0 - 9	104,060		
Security/Fencing	0 - 49	43,850		
Playground	0 - 12	36,000		
Landscaping	10	8,000		
Sports Courts	0 - 20	30,400		
Contingency	0	500		
		\$422,360	\$30,575	\$59,405

Inflation is factored in at 3% annually with interest earned at 0.45% annually. Any income taxes owed on interest is paid through the operating fund.

See Accountant's Report