

*Statement of Cash Receipts
And Disbursements
Year Ended
December 31, 2014*

Forest Ridge Homeowners Association

Forest Ridge Homeowners Association

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Kevin S. Ubelhart, CPA

T. Sean Rogstad, CPA

Independent Accountants' Review Report

Board of Directors
Forest Ridge Homeowners Association

We have reviewed the accompanying statement of cash receipts and disbursements of *Forest Ridge Homeowners Association* for the year ended December 31, 2014. 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 statement as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statement. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in conformity with the cash basis of accounting, as described in Note 2.

Ubelhart, Rogstad & Associates, P.C.

Chantilly, Virginia
August 14, 2015

Forest Ridge Homeowners Association

Statement of Cash Receipts and Disbursements

Year Ended December 31, 2014

Cash Receipts

Homeowner assessments	\$ 51,251
Late fees	293
Disclosure packets	2,100
Attorney collections	1,503
Interest income	201
Newsletter	50

Total cash receipts 55,398

Cash Disbursements

Accounting	500
Administrative	6,925
Fees and registrations	25
Holiday decoration awards	225
Insurance	4,414
Legal	5,226
Maintenance common ground	27,343
Newsletter	1,085
Postage	818
Telephone	640

Total cash disbursements 47,201

Excess of cash receipts over cash disbursements 8,197

Cash - beginning of year 58,629

Cash - end of year \$ 66,826

See accompanying notes and independent accountants' review report.

Forest Ridge Homeowners Association

Notes to Statement of Cash Receipts and Disbursements

December 31, 2014

1. Organization and Nature of Activities

Forest Ridge Homeowners Association (Association) is a Virginia non-stock corporation founded March 2, 1978 for the benefit of the 550 homeowners of Forest Ridge located in Sterling, Virginia. The Association provides for the maintenance, preservation and architectural control of the common areas and promotes the health, safety and welfare of the residents.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statement of the Association has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, revenues are recognized when received rather than when earned and expenses are recognized when cash is disbursed rather than when the obligation is incurred.

Cash

Cash consists of demand accounts, a money market account held at a brokerage, and certificates of deposit held at a brokerage.

Common Areas

Real property and common areas acquired from the developer are not recorded in the Association's financial statements because the property cannot be disposed of at the discretion of the Board of Directors. The common areas consist of several parcels of land conveyed by special warranty deeds at no cost to the Association.

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses. The Association's policy is to assess late and interest charges and to retain legal counsel and place liens on the properties of homeowners whose assessments become delinquent.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2014. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the management, maintenance and care of Association common property. Net nonexempt function income, which includes earned interest and revenue received from nonmembers, is taxed at 30 % by the federal government and 6% by the State of Virginia. The Association has determined it does not have any material unrecognized tax benefits or obligations as of December 31, 2014. Fiscal years ending on or after December 31, 2012 remain subject to examination by federal and state tax authorities.

Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts and disbursements during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 14, 2015, the date the financial statements were available to be issued.

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