



Campbell & Associates, C.P.A.'s P.C.
Certified Public Accountants / Business Consultants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Saratoga Springs Owners Association, Inc.

We have audited the accompanying statement of financial position of Saratoga Springs Owners Association, Inc. (a nonprofit organization) as of December 31, 2006, and the related statements of activities; and cash flows for the period then ended. These financial statements are the responsibility of Saratoga Springs Owners Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saratoga Springs Owners Association, Inc. as of December 31, 2006, and the changes in its net assets and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2007, on our consideration of Saratoga Springs Owners Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Campbell & Associates
January 4, 2007

SARATOGA SPRINGS OWNERS ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2006

ASSETS

CURRENT ASSETS

Cash	\$ 398,788
Accounts Receivable (net of Allowance for Doubtful Accounts)	<u>92,208</u>

TOTAL CURRENT ASSETS 490,996

Equipment (net of accumulated depreciation of \$1,122)	<u>4,485</u>
--	--------------

\$ 495,481

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,025
Prepaid assessments	9,385
Security deposits	<u>10,175</u>

TOTAL CURRENT LIABILITIES 20,585

NET ASSETS

Unrestricted Net Assets	
Operations	
Undesignated	<u>474,896</u>

474,896

\$ 495,481

See Accountant's Audit Report and the Notes to the Financial Statement

SARATOGA SPRINGS OWNERS ASSOCIATION
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

	12/31/2006
REVENUE	
Dues and Assessments	\$ 569,511
Interest income	20,843
Other revenue	74,507
Total Revenue	664,861
OPERATING EXPENSES	
Abatement and Chemicals	6,448
Administrative and general	27,928
Bad debt expense	31,889
Bank charges	203
CC&R enforcement	16,438
Cleaning	9,080
Clubhouse maintenance and supplies	18,251
Depreciation expense	561
Grounds and Maintenance	179,674
Harbor maintenance	13,669
Insurance	10,074
General maintenance	55,805
Legal and professional	19,367
Management	53,384
Office expense	2,415
Pavilion	32
Pool	58,283
Postage	
Security	21,282
Snow removal	
Streets	22,191
Telephone	2,277
Utilities	22,638
TOTAL OPERATING EXPENSES	571,889
Change in net assets	92,972
Net assets, beginning of period	381,924
NET ASSETS, END OF PERIOD	\$ 474,896

See Accountant's Audit Report and the Notes to the Financial Statements

SARATOGA SPRINGS OWNERS ASSOCIATION
STATEMENT OF CASH FLOWS
For the year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets		\$ 92,972	
Add: Increase in Prepaid assessments	\$ 9,385		
Increase in Security Deposits	10,175		
Depreciation expense	561		
Deduct: Decrease in accounts payable	(2,921)		
Increase in Accounts receivable	(17,945)		
		(745)	
Net cash flows from operating activities			\$ 92,227
Change in cash			92,227
Cash at Beginning of Year			<u>306,561</u>
Cash at End of Year			<u>\$ 398,788</u>

SARATOGA SPRINGS OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Note 1: Summary of significant accounting policies

A. Background

Saratoga Springs Owners Association, Inc. (the Association) was organized in 1997 and incorporated under the laws of the state of Utah. The Association was organized to meet the common needs of the homeowners in the area of Saratoga Springs.

B. General

The accompanying financial statements of Saratoga Springs Owners Association, Inc. have been prepared in accordance with generally accepted accounting principles which require the use of management estimates and the accrual basis of accounting. Dues are recorded when billed and expenses are recorded when incurred.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions.

D. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

E. Cash

At December 31, 2006, the carrying amount of the Association's deposits was \$398,788 and the bank balances were \$398,788. Of the bank balance, \$355,218 was covered by Federal Depositor Insurance Corporation, a U.S. Government Agency.

F. Income Taxes

The Accompanying Notes are an Integral Part of These Financial Statements

SARATOGA SPRINGS OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

The Association is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for Federal income taxes in the accompanying financial statements, in addition, the association has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was unrelated business income of \$20,843 for the period ended December 31, 2005.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

H. Depreciation

The Association has various pieces of exercise equipment, office equipment, and maintenance equipment. They use the straight line method of depreciation over the estimated useful lives of the assets as determined by management. Depreciation for the year was \$561.

I. Allowance for doubtful accounts

The Association has accounts receivable which are dues assessed to individual members. These dues become receivable upon the assessment. It has been determined that twenty percent of the receivables that are older than 90 days will be uncollectible. Bad debt expense for the period was estimated to be \$20,639.

Note 2: Donated property

Pursuant to the agreement between the Association and the developer, several items of real property were constructed by the developer and deeded to the Association. These items include but are not limited to, the pavilion, swimming pool, and commons areas. The Association has the responsibility to maintain these areas. However, since they paid nothing for them, no amount has been recorded on the financial statements. No amounts have been recognized in the statements of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Note 3: Leases

The Association currently has entered into a long term lease with the state of Utah for use of the harbor. The lease is for a period of five years and can be renewed for up to 20 years. Lease payments are \$500 per year.

The Accompanying Notes are an Integral Part of These Financial Statements

SARATOGA SPRINGS OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Note 4: Long term Contracts

The Association has entered into a three-year contract for lawn maintenance. The contract contains no termination clause but either party may cancel for cause. Also, the Association has entered into a contract with a maintenance company beginning December 1, 2006. The contract is for twelve months and may be cancelled with thirty days notice. The contract provides for payments of \$10 per household per month plus additional charges as determined necessary by the management company and the Association board. The estimated cost per month is between \$7,200 and \$9,000.



Campbell & Associates, CPAs P.C.

Certified Public Accountants / Business Consultants

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Saratoga Springs Owners Association, Inc.

We have audited the financial statements of Saratoga Springs Owners Association, Inc. (a Nonprofit organization) as of and for the period ended December 31, 2006, and have issued our report thereon dated January 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Saratoga Springs Owners Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, accordingly, we do not express such an opinion. The results of our tests disclosed on instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Saratoga Springs Owners Association's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, and the state of Utah and is not intended to be and should not be used by anyone other than these specified parties.

Campbell and Associates, PC
January 11, 2007

SARATOGA SPRINGS OWNERS ASSOCIATION, INC.
(Nonprofit Organization)

Audited Financial Statements
For the Year Ended December 31, 2006

SARATOGA SPRINGS OWNERS ASSOCIATION, INC.

TABLE OF CONTENTS

Auditor's Report

Statement of Financial Position

Statement of Activities

Statement of Cash Flows

Notes to Financial Statement

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.