
INDEPENDENT AUDITOR'S REPORT

To the Board of
Shadow Lakes II Association

We have audited the accompanying financial statements of Shadow Lakes II Association (an Illinois Homeowners' Association), which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of revenue, expenses and changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shadow Lakes II Association as of December 31, 2020 and 2019, and the changes in its members' equity and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses on pages 11 to 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in 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 additional 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.

SKDO, P.C.

Bourbonnais, Illinois
March 4, 2021

Shadow Lakes II Association
(An Illinois Homeowner's Association)
Balance Sheet
As of December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 119,822	\$ 131,934
Reserved cash	2,605	2,308
Reserved investments	179,869	199,201
Accounts receivable, net	48,442	60,884
Property and equipment, net	<u>1,766,497</u>	<u>1,700,983</u>
Total assets	<u><u>\$ 2,118,197</u></u>	<u><u>\$ 2,095,310</u></u>
Liabilities		
Accounts payable and accrued expenses	\$ 7,175	\$ 34,556
Long-term debt - amount due within one year	9,823	115,958
Other liabilities	75,767	62,309
Long-term debt - amount due after one year	<u>26,691</u>	<u>1,925</u>
Total liabilities	119,456	214,748
Members' equity	<u>1,998,741</u>	<u>1,880,562</u>
Total liabilities and members' equity	<u><u>\$ 2,118,197</u></u>	<u><u>\$ 2,095,310</u></u>

See accompanying notes and independent accountant's audit report.

Shadow Lakes II Association
(An Illinois Homeowner's Association)
Statement of Revenue, Expenses and Changes in Members' Equity
For the years ended December 31, 2020 and 2019

	2020	2019
Revenue:		
Dues revenue	\$ 1,057,635	\$ 1,047,212
Fees charged	16,688	14,421
Violation and penalties income	18,443	27,741
Miscellaneous income	40,289	61,166
Total revenue	<u>1,133,055</u>	<u>1,150,540</u>
Expenses:		
Administrative and general	290,723	283,595
Beautification committee	683	963
Security committee	44,652	46,885
Fishing committee	18,000	17,991
Activities committee	11,175	35,043
Maintenance committee	667,762	679,977
Total expenses	<u>1,032,995</u>	<u>1,064,454</u>
Other income (expense):		
Interest income	3,690	7,023
Rent income	10,200	9,600
Gain on sale of asset	6,321	-
Interest expense	(654)	(5,190)
Income tax expense	(1,438)	(2,187)
Other income (expense), net	<u>18,119</u>	<u>9,246</u>
Excess of revenues over expenses	118,179	95,332
Members' equity, beginning	<u>1,880,562</u>	<u>1,785,230</u>
Members' equity, end of year	<u>\$ 1,998,741</u>	<u>\$ 1,880,562</u>

See accompanying notes and independent accountant's audit report.