

**Maple Ridge At Ave Maria
Homeowners Association, Inc.**

Financial Statements

**Year Ended
December 31, 2018**

Maple Ridge At Ave Maria Homeowners Association, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Maple Ridge At Ave Maria Homeowners Association, Inc.

We have audited the accompanying financial statements of Maple Ridge At Ave Maria Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2018 and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year 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 qualified audit opinion.

(continued)

To the Board of Directors
Maple Ridge At Ave Maria Homeowners Association, Inc.

Basis for Qualified Opinion

As discussed in Note 11 to the financial statements, the amount of Developer operating and replacement income and/or Due To / From Developer has not been calculated. Consequently, we were unable to determine whether any adjustments were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Maple Ridge At Ave Maria Homeowners Association, Inc. as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Tapia, Rojas & Associates, P.A.

Tapia, Rojas & Associates, P.A.
Certified Public Accountants

April 30, 2019

Maple Ridge At Ave Maria Homeowners Association, Inc.
Balance Sheet
December 31, 2018

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 242,423	\$ 34,609	\$ 277,032
Restricted Cash - Security Deposits	500		500
Assessments Receivable Net of allowance for bad debts of \$ (28,354)	33,445		33,445
Prepaid Insurance	14,192		14,192
Prepaid Expense	<u>7,512</u>		<u>7,512</u>
TOTAL ASSETS	<u>\$ 298,072</u>	<u>\$ 34,609</u>	<u>\$ 332,681</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 38,995	\$ -	\$ 38,995
Prepaid Assessments	31,307		31,307
Insurance Note Payable	11,210		11,210
Security Deposits	<u>500</u>		<u>500</u>
TOTAL LIABILITIES	82,012	-	82,012
FUND BALANCES	<u>216,060</u>	<u>34,609</u>	<u>250,669</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 298,072</u>	<u>\$ 34,609</u>	<u>\$ 332,681</u>

See Accompanying Notes To Financial Statements

Maple Ridge At Ave Maria Homeowners Association, Inc.
Statement Of Revenues, Expenses
And Changes In Fund Balances
For The Year Ended December 31, 2018

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
REVENUES			
Assessments	\$ 827,584	\$ 13,222	\$ 840,806
Late Fees	24,163		24,163
Interest Income	36	55	91
Legal Fees	4,905		4,905
Repair Income	7,123		7,123
Screening Income	7,830		7,830
Other Income	7,562		7,562
TOTAL REVENUES	<u>879,203</u>	<u>13,277</u>	<u>892,480</u>
EXPENSES			
Management Fees	41,075		41,075
Professional Fees	6,228		6,228
Insurance	15,100		15,100
Licenses and Fees	61		61
Electricity	35,619		35,619
Water and Sewer	15,353		15,353
Repairs and Maintenance	14,698		14,698
Landscape Maintenance	103,942		103,942
Management Personnel	111,350		111,350
Maintenance Personnel	16,855		16,855
Screening Fees	8,270		8,270
Mulching	11,221		11,221
Cable TV	327,462		327,462
Tree Trimming	7,663		7,663
Landscape Replacement	16,372		16,372
Lake Treatment	7,682		7,682
Printing and Postage	9,288		9,288
Holiday Decoration	10,991		10,991
Fountain Maintenance	3,840		3,840
Bad Debts	19,393		19,393
Administrative	7,750		7,750
TOTAL EXPENSES	<u>790,213</u>	<u>-</u>	<u>790,213</u>
REVENUES OVER (UNDER) EXPENSES	88,990	13,277	102,267
Contributed Capital	25,120	-	25,120
FUND BALANCES - BEGINNING OF YEAR	<u>101,950</u>	<u>21,332</u>	<u>123,282</u>
FUND BALANCES - END OF YEAR	<u>\$ 216,060</u>	<u>\$ 34,609</u>	<u>\$ 250,669</u>

See Accompanying Notes To Financial Statements

Maple Ridge At Ave Maria Homeowners Association, Inc.
Statement Of Cash Flows
For The Year Ended December 31, 2018

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenues over (under) expenses Adjustments to reconcile revenues over (under) expenses to net cash provided by (used in) operating activities:	\$ 88,990	\$ 13,277	\$ 102,267
Bad Debt (recovery) expense	19,393		19,393
(Increase) decrease in:			
Assessments Receivable	(27,888)		(27,888)
Prepaid Insurance	(3,823)		(3,823)
Prepaid Expense	(2,061)		(2,061)
Increase (decrease) in:			
Accounts Payable and Accrued Expenses	15,496		15,496
Prepaid Assessments	10,744		10,744
Security Deposits	(500)		(500)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	100,351	13,277	113,628
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital	25,120	-	25,120
Insurance Note Payable	2,892	-	2,892
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	28,012	-	28,012
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	128,363	13,277	141,640
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH BEGINNING OF YEAR	114,560	21,332	135,892
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH END OF YEAR	\$ 242,923	\$ 34,609	\$ 277,532

See Accompanying Notes To Financial Statements

Maple Ridge At Ave Maria Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2018

NOTE 1. ORGANIZATION

Maple Ridge At Ave Maria Homeowners Association, Inc. is a homeowners association incorporated as a not-for-profit corporation in the state of Florida in 2013. The Association is responsible for the operation and maintenance of the common areas within the development. The Association is still being developed and, as of December 31, 2018, the Association consisted of 766 residential units located in Ave Maria, Florida.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING- The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

INTEREST EARNED- Interest income is allocated to the operating and replacement fund in proportion to the interest bearing deposits of each fund.

PROPERTY AND EQUIPMENT- Common real property directly associated with the units is not capitalized. Common real property not directly associated with the units, in which the Association has title or other evidence of ownership, is only capitalized if the board of directors can dispose of it at its discretion for cash or claims to cash with the Association retaining the proceeds, or the property generates significant cash flows. Personal property purchased with Association funds is capitalized at cost and depreciated over its estimated useful life using the straight-line method of depreciation.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS- For purposes of the statement of cash flows, the Association considers all highly liquid instruments with a maturity of three months or less to be cash equivalents.

BASIS OF ACCOUNTING / BASIS OF PRESENTATION- The Association prepares its financial statements on the accrual basis of accounting which recognizes revenues when earned and expenses when incurred, which is in accordance with accounting principles generally accepted in the United States of America.

Maple Ridge At Ave Maria Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

FAIR VALUE OF FINANCIAL INSTRUMENTS- The carrying amounts of cash, receivables and payables approximate their respective estimated fair values due to their short-term maturities.

NOTE 3. ASSESSMENTS

The annual budget and assessments of owners are determined by the board of directors. Assessments are levied against the owners for their proportionate share of common expenses and future major repairs and replacements. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent. An allowance for bad debts is established for those accounts deemed uncollectible. The Association retains excess operating funds at the end of the operating year, if any, for use in the future operating periods.

NOTE 4. INCOME TAXES

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2018, the Association elected to be taxed as a homeowners association under Section 528 of the Internal Revenue Code. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, at the rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. The Association's income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed.

NOTE 5. INSURANCE DEDUCTIBLE

The Association's insurance policy contains a deductible. The Association is responsible for losses up to this amount if common property damage claims occur. Accordingly, if such funds are needed, the Association may increase assessments, pass special assessments, obtain loans or delay repairs and replacements until funds are available.

NOTE 6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 30, 2019, the date that the financial statements were available to be issued.

Maple Ridge At Ave Maria Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2018

NOTE 7. FUTURE MAJOR REPAIRS AND REPLACEMENTS

An independent study has not been conducted. However, estimates of the remaining useful lives of the components of common property and the replacement costs that may be required in the future have been presented on the Association's budget. The table included in the unaudited supplementary information on future major repairs and replacements is based on these estimates. The Association is funding for future major repairs and replacements based on these estimates.

The Association is funding for future major repairs and replacements over the remaining useful lives of the components based on the estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Activity in the replacement fund for the year ending December 31, 2018 is as follows:

	Balance 12/31/2017	Additions	Charges	Balance 12/31/2018
Storm Drain Cleaning	\$ 1,413	\$ 1,461	\$ -	\$ 2,874
Road Resurfacing	13,806	2,344	-	16,150
Monument Signs	1,131	1,610	-	2,741
Gangbox Mailboxes	2,120	3,014	-	5,134
Gate System	2,019	2,850	-	4,869
Fountain Resurfacing	808	1,943	-	2,751
Interest	35	55	-	90
Totals	<u>\$ 21,332</u>	<u>\$ 13,277</u>	<u>\$ -</u>	<u>\$ 34,609</u>

NOTE 8. CONCENTRATIONS OF CREDIT RISK

The Association maintains cash balances at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) which provides coverage up to \$250,000 per depository institution. As of December 31, 2018, the Association had cash in excess of FDIC limits of approximately \$28,000.

The Association's assessments receivable contain large amounts due from units in foreclosures and/or bankruptcies. If the Association faces cash flow shortages as a result of this, it may increase assessments, pass special assessments, obtain loans or delay major repairs and replacements until funds are available.

Maple Ridge At Ave Maria Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2018

NOTE 9. COMMITMENTS

The Association has contracted with various vendors for the administration and maintenance of the common property. These contracts have different expiration dates and renewal terms.

NOTE 10. CONTINGENT LIABILITY

The Association has pending collection matters for which they have retained the services of an attorney. The attorney seeks recovery of the legal fees from the homeowners upon collection. However, the Association is ultimately responsible for the legal fees incurred and not collected from the homeowners. The amount of this contingent liability has not been determined at this time. Therefore, there are no provisions for this liability (if any) in the accompanying financial statements.

**NOTE 11. DEVELOPER INCOME
DUE TO / FROM DEVELOPER**

While under developer control, the Developer may be excused from payment of its share of the operating expenses and assessments related to its parcels for any period of time for which the Developer has obligated itself to pay any operating expenses incurred that exceed the assessments receivable from other members and other income of the association. The amount of Developer operating and replacement income has not been calculated as of the date of the financial statements. Therefore, the Developer income and/or Due To / From the Developer may be different.

NOTE 12. CAPITAL CONTRIBUTIONS

Each purchaser is required, at the time of closing, to contribute to the Association an amount for working capital. These monies are reflected in the accompanying financial statements as contributed capital. These funds may be utilized for payment of expenditures for the benefit of the Association.

Supplementary Information

Maple Ridge At Ave Maria Homeowners Association, Inc.
Supplemental Information on Future Major Repairs and Replacements
(Unaudited)
December 31, 2018

The Association estimates the life and replacement cost of components of common property for presentation in its budget. The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components. Actual expenditures may vary from the estimates below, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following information is a summary about the components of common property as presented on the Association's 2018 budget.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Annual Funding Requirement</u>	<u>Replacement Fund Balance at December 31, 2018</u>
Storm Drain Cleaning	7	\$ 25,000	\$ 3,512	\$ 2,874
Road Resurfacing	24	150,000	5,789	16,150
Monument Signs	30	120,000	3,989	2,741
Gangbox Mailboxes	20	150,000	7,469	5,134
Gate System	7	50,000	7,058	4,869
Fountain Resurfacing	8	40,000	4,970	2,751
Interest		-	-	90
Totals		<u>\$ 535,000</u>	<u>\$ 32,787</u>	<u>\$ 34,609</u>