

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

**December 31, 2017**

# Maple Ridge At Ave Maria Homeowners Association, Inc.

## **TABLE OF CONTENTS**

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INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balance	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 8
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Major Repairs and Replacements	9

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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on the Financial Statements*

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, 2017 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 the notes 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, 2017, 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, 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. 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

May 10, 2018

**Maple Ridge At Ave Maria Homeowners Association, Inc.**  
**Balance Sheet**  
**December 31, 2017**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash & Cash Equivalents	\$ 114,560	\$ 21,332	\$ 135,892
Assessments Receivable	24,950		24,950
Net of allowance for bad debts \$ (15,908)			
Prepaid Insurance	2,051		2,051
Prepaid Expense	<u>5,451</u>	<u></u>	<u>5,451</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 147,012</u></u>	<u><u>\$ 21,332</u></u>	<u><u>\$ 168,344</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable & Accrued Expenses	\$ 23,499	\$ 0	\$ 23,499
Prepaid Assessments	20,563		20,563
Security Deposits	<u>1,000</u>	<u></u>	<u>1,000</u>
<b>TOTAL LIABILITIES</b>	\$ 45,062	\$ 0	\$ 45,062
<b>FUND BALANCES</b>	<u>101,950</u>	<u>21,332</u>	<u>123,282</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 147,012</u></u>	<u><u>\$ 21,332</u></u>	<u><u>\$ 168,344</u></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, 2017**

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Assessments	\$ 596,554	\$ 9,958	\$ 606,512
Late Fees	15,978		15,978
Interest Income	29	31	60
Legal Fees	5,272		5,272
Repair Income	2,000		2,000
Screening Income	9,720		9,720
Other Income	6,342		6,342
<b>TOTAL REVENUES</b>	<u>\$ 635,895</u>	<u>\$ 9,989</u>	<u>\$ 645,884</u>
<b>EXPENSES</b>			
Management Fees & Onsite Manager	\$ 167,886	\$	\$ 167,886
Professional Fees	12,921		12,921
Insurance	17,598		17,598
Licenses & Fees	61		61
Electricity	35,948		35,948
Water & Sewer	7,610		7,610
Repairs & Maintenance	17,893		17,893
Landscape Maintenance	89,236		89,236
Sprinkler Maintenance	7,435		7,435
Screening Fees	9,035		9,035
Cable TV	229,824		229,824
Tree Trimming	5,969		5,969
Landscape Replacement	16,761		16,761
Lake Treatment	6,810		6,810
Printing & Postage	9,129		9,129
Holiday Decoration	9,665		9,665
Fountain Maintenance	3,853		3,853
Bad Debts	16,487		16,487
Administrative	5,399		5,399
<b>TOTAL EXPENSES</b>	<u>669,520</u>	<u>0</u>	<u>669,520</u>
<b>REVENUES OVER (UNDER) EXPENSES</b>	(33,625)	9,989	(23,636)
<b>Prior Period Adjustments</b>	2,133	0	2,133
<b>Contributed Capital</b>	29,440	0	29,440
<b>FUND BALANCE - BEGINNING OF PERIOD</b>	<u>104,002</u>	<u>11,343</u>	<u>115,345</u>
<b>FUND BALANCE - END OF PERIOD</b>	<u>\$ 101,950</u>	<u>\$ 21,332</u>	<u>\$ 123,282</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, 2017**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Revenues over (under) expenses Adjustments to reconcile revenues over (under) expenses to net cash provided by operating activities:	\$ (33,625)	\$ 9,989	\$ (23,636)
Prior Period Adjustments	2,133		(2,133)
(Increase) decrease in:			
Assessments Receivable	(4,083)		(4,083)
Prepaid Insurance	5,950		5,950
Prepaid Expense	(1,746)		(1,746)
Increase (decrease) in:			
Accounts Payable & Accrued Expenses	4,169		4,169
Prepaid Assessments	577		577
Security Deposits	<u>(500)</u>	<u>          </u>	<u>(500)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(27,125)	9,989	(17,136)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Contributed Capital	29,440	0	29,440
<b>CASH &amp; CASH EQUIVALENTS BEGINNING OF PERIOD</b>	<u>112,245</u>	<u>11,343</u>	<u>123,588</u>
<b>CASH &amp; CASH EQUIVALENTS END OF PERIOD</b>	<u>\$ 114,560</u>	<u>\$ 21,332</u>	<u>\$ 135,892</u>

See Accompanying Notes To Financial Statements

**Maple Ridge At Ave Maria Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017**

**NOTE 1. ORGANIZATION**

Maple Ridge At Ave Maria Homeowners Association, Inc. is a homeowners association incorporated 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, as of December 31, 2017, consists of 600 residential units.

**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 and disclosures. Accordingly, actual results could differ from those estimates.

**DATE OF MANAGEMENT'S REVIEW -** In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 10, 2018, the date that the financial statements were available to be issued.

**NOTE 3. ASSESSMENTS**

The annual budget and assessments of owners are determined by the board of directors. Assessments are levied against the unit owners for their proportionate share of common expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.



**Maple Ridge At Ave Maria Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017**

**NOTE 4. FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The budget includes estimates of the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. An independent study has not been conducted. 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 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.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. 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, 2017 is as follows:

	Balance 12/31/2016	Additions	Charges	Balance 12/31/2017
Roads Resurfacing	\$ 11,339	\$ 2,467	\$ -	\$ 13,806
Fountain Resurfacing	-	808	-	808
Gangbox Mailboxes	-	2,120	-	2,120
Storm Drain Cleaning	-	1,413	-	1,413
Gate System	-	2,019	-	2,019
Monument Signs	-	1,131	-	1,131
Interest	4	31	-	35
Totals	<u>\$ 11,343</u>	<u>\$ 9,989</u>	<u>\$ -</u>	<u>\$ 21,332</u>

**NOTE 5. INCOME TAXES**

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2017, the Association elected to be taxed as a homeowners association. 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.

**Maple Ridge At Ave Maria Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2017**

**NOTE 6. CONCENTRATIONS OF CREDIT RISK**

The Association maintains cash balances in accounts insured by the Federal Deposit Insurance Corporation (FDIC). If these balances exceed the FDIC limits the uninsured balances would constitute a credit risk.

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.

**NOTE 7. 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 8. INSURANCE DEDUCTIBLE**

The Association's insurance policy contains a deductible. The Association is responsible for losses up to this amount and may increase assessments, pass special assessments, obtain loans or delay repairs and replacements until funds are available.

**NOTE 9. 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 10. 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, 2017**

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 2017 budget.

<b>Components</b>	<b>Estimated Remaining Useful Life (Years)</b>	<b>Estimated Current Replacement Costs</b>	<b>Annual Funding Requirement</b>	<b>Replacement Fund Balance at December 31, 2017</b>
Roads Resurfacing	23	\$ 150,000	\$ 6,063	\$ 13,806
Fountain Resurfacing	7	20,000	2,857	808
Gangbox Mailboxes	20	150,000	7,500	2,120
Storm Drain Cleaning	5	25,000	5,000	1,413
Gate System	7	50,000	7,143	2,019
Monument Signs	30	120,000	4,000	1,131
Interest		-	-	35
Totals		<u>\$ 515,000</u>	<u>\$ 32,563</u>	<u>\$ 21,332</u>