

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

December 31, 2016

Tapia, Rojas & Associates, PA

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Maple Ridge At Ave Maria Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2016, 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. 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 statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion on the Financial Statements

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

(continued)

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

Emphasis of Matter

As discussed in the notes to the financial statements, the amount of Developer operating and replacement income has not been calculated. Therefore, the Developer income and/or Due To / From the Developer may be different.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements of common property 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 compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

Tapia, Rojas & Associates, P.A.

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

February 15, 2017

Maple Ridge At Ave Maria Homeowners Association, Inc.

Balance Sheet

December 31, 2016

| | <u>Operating</u> <u>Fund</u> | <u>Replacement</u> <u>Fund</u> | <u>Total</u> |
|--------------------------------------------|---------------------------------|-----------------------------------|--------------------------|
| ASSETS | | | |
| Cash & Cash Equivalents | \$ 112,245 | \$ 11,343 | \$ 123,588 |
| Assessments Receivable | 20,867 | | 20,867 |
| Net of allowance for bad debts \$ (2,366) | | | |
| Prepaid Insurance | 8,001 | | 8,001 |
| Prepaid Expense | <u>3,705</u> | | <u>3,705</u> |
| TOTAL ASSETS | <u><u>\$ 144,818</u></u> | <u><u>\$ 11,343</u></u> | <u><u>\$ 156,161</u></u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable & Accrued Expenses | \$ 19,330 | \$ 0 | \$ 19,330 |
| Prepaid Assessments | 19,986 | | 19,986 |
| Security Deposits | <u>1,500</u> | | <u>1,500</u> |
| TOTAL LIABILITIES | \$ 40,816 | \$ 0 | \$ 40,816 |
| FUND BALANCES | <u>104,002</u> | <u>11,343</u> | <u>115,345</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 144,818</u></u> | <u><u>\$ 11,343</u></u> | <u><u>\$ 156,161</u></u> |

See Independent Accountant's Review Report
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, 2016

| | <u>Operating</u> <u>Fund</u> | <u>Replacement</u> <u>Fund</u> | <u>Total</u> |
|-------------------------------------------|---------------------------------|-----------------------------------|-------------------|
| REVENUES | | | |
| Assessments | \$ 376,939 | \$ 6,884 | \$ 383,823 |
| Late Fees | 10,725 | | 10,725 |
| Interest Income | 109 | 3 | 112 |
| Legal Fees | 3,728 | | 3,728 |
| Repair Income | 4,620 | | 4,620 |
| Gate Key Income | 85 | | 85 |
| Screening Income | 6,035 | | 6,035 |
| Collections - Administration Fees | <u>4,032</u> | | <u>4,032</u> |
| TOTAL REVENUES | <u>\$ 406,273</u> | <u>\$ 6,887</u> | <u>\$ 413,160</u> |
| EXPENSES | | | |
| Management Fees | \$ 63,445 | \$ | \$ 63,445 |
| Professional Fees | 6,631 | | 6,631 |
| Insurance | 16,995 | | 16,995 |
| Licenses & Fees | 61 | | 61 |
| Electricity | 26,503 | | 26,503 |
| Water & Sewer | 1,740 | | 1,740 |
| Repairs & Maintenance | 11,850 | | 11,850 |
| Landscape Maintenance | 65,262 | | 65,262 |
| Screening Fees | 6,005 | | 6,005 |
| Sprinkler Supplies & Repairs | 4,189 | | 4,189 |
| Cable TV | 140,492 | | 140,492 |
| Landscape Replacement | 40,074 | | 40,074 |
| Lake Treatment | 4,614 | | 4,614 |
| Printing & Postage | 6,932 | | 6,932 |
| Fountain Maintenance | 904 | | 904 |
| Collections - Administration | 3,933 | | 3,933 |
| MMI Live Service | 600 | | 600 |
| Bad Debts | <u>2,310</u> | | <u>2,310</u> |
| TOTAL EXPENSES | <u>402,540</u> | <u>0</u> | <u>402,540</u> |
| REVENUES OVER (UNDER) EXPENSES | 3,733 | 6,887 | 10,620 |
| Prior Period Adjustments | (58,774) | 0 | (58,774) |
| Contributed Capital | 25,760 | 0 | 25,760 |
| FUND BALANCE - BEGINNING OF PERIOD | <u>133,283</u> | <u>4,456</u> | <u>137,739</u> |
| FUND BALANCE - END OF PERIOD | <u>\$ 104,002</u> | <u>\$ 11,343</u> | <u>\$ 115,345</u> |

See Independent Accountant's Review Report
See Accompanying Notes To Financial Statements

Maple Ridge At Ave Maria Homeowners Association, Inc.
Statement Of Cash Flows
For The Year Ended December 31, 2016

| | <u>Operating Fund</u> | <u>Replacement 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 operating activities: | \$ 3,733 | \$ 6,887 | \$ 10,620 |
| Prior Period Adjustments | (58,774) | | 58,774 |
| (Increase) decrease in: | | | |
| Assessments Receivable | (14,189) | | (14,189) |
| Prepaid Insurance | (1,462) | | (1,462) |
| Prepaid Expense | (3,705) | | (3,705) |
| Due From Operating Fund | | 875 | 875 |
| Increase (decrease) in: | | | |
| Accounts Payable & Accrued Expenses | 12,977 | | 12,977 |
| Prepaid Assessments | 8,111 | | 8,111 |
| Due To Replacement Fund | <u>(875)</u> | <u> </u> | <u>(875)</u> |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | (54,184) | 7,762 | (46,422) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Contributed Capital | 25,760 | 0 | 25,760 |
| CASH & CASH EQUIVALENTS BEGINNING OF PERIOD | | | |
| | <u>140,669</u> | <u>3,581</u> | <u>144,250</u> |
| CASH & CASH EQUIVALENTS END OF PERIOD | | | |
| | <u>\$ 112,245</u> | <u>\$ 11,343</u> | <u>\$ 123,588</u> |

See Independent Accountant's Review Report
See Accompanying Notes To Financial Statements

Maple Ridge At Ave Maria Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2016

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, 2016, consists of 442 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 February 15, 2017, 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, 2016

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, 2016 is as follows:

| | Balance 12/31/2015 | Additions | Charges | Balance 12/31/2016 |
|----------|-----------------------|-----------------|-------------|-----------------------|
| Roads | \$ 4,455 | \$ 6,884 | \$ - | \$ 11,339 |
| Interest | 1 | 3 | - | 4 |
| Totals | <u>\$ 4,456</u> | <u>\$ 6,887</u> | <u>\$ -</u> | <u>\$ 11,343</u> |

NOTE 5. INCOME TAXES

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2016, 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.

NOTE 6. 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.

Maple Ridge At Ave Maria Homeowners Association, Inc.
Notes to Financial Statements
December 31, 2016

NOTE 7. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are transactions and corrections relating to prior accounting periods and are made in order to reflect the current year without distortion.

**NOTE 8. 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 9. 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.

Supplementary Information

Maple Ridge At Ave Maria Homeowners Association, Inc.
Supplemental Information on Future Major Repairs and Replacements
(Unaudited)
December 31, 2016

| <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, 2016</u> |
|-------------------|------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------|
| Roads | 14 | \$ 150,000 | \$ 10,423 | \$ 11,339 |
| Interest | | - | - | 4 |
| Totals | | <u>\$ 150,000</u> | <u>\$ 10,423</u> | <u>\$ 11,343</u> |

See Independent Accountant's Review Report