

**HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

INDEX

ACCOUNTANT'S COMPILATION REPORT	1
BALANCE SHEET	2
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE	3
STATEMENT OF CASH FLOW	4
NOTES TO FINANCIAL STATEMENTS	5-6

SUPPLEMENTAL INFORMATION

SUPPLEMENTARY SCHEDULE OF RESERVES REPLACEMENT COSTS	7
SUPPLEMENTARY SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES COMPARED WITH BUDGET	8

MEMBER

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Hernden, Trapp & Westfall, LLC

Certified Public Accountants

(941) 739-6066

FAX (941) 739-6013

ADDRESS

4702 26TH STREET WEST
BRADENTON, FLORIDA 34207

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Heritage Pine Condominium Association, Inc.

We have reviewed the accompanying financial statements of Heritage Pine Condominium Association, Inc., which comprise the balance sheet as of December 31, 2018, and the related statements of revenues and 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 company 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

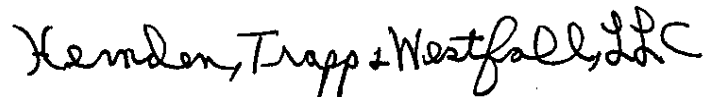
Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting 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

Based on our reviews, 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.

Report on Supplementary Information

The supplementary information on reserve is not a required part of the basic financial statements, but is supplementary information required by the American Institute of certified Public Accountants. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information and express not opinion on it.



Hernden, Trapp & Westfall, LLC

Certified Public Accountants

May 3, 2019

**HERITAGE PINES CONDOMINIUM ASSOCIATION, INC,
BALANCE SHEET
DECEMBER 31, 2018
"Unaudited - Read Accountant's Compilation Report"**

ASSETS

<u>ASSETS</u>	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
Cash	\$ 115,539	\$ 197,120	\$ 312,659
Owners' assessments receivable, less allowance for uncollectible assessments of \$11,710	23,831	-	23,831
Prepaid insurance	14,065	-	14,065
Prepaid expenses, other	1,088	-	1,088
TOTAL ASSETS	\$ 154,523	\$ 197,120	\$ 351,643

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 1,287	-	\$ 1,287
Prepaid owners' assessments	5,480	-	5,480
	6,767	-	6,767

FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

	147,756	\$ 197,120	344,876
	\$ 154,523	\$ 197,120	\$ 351,643

Read the accompanying notes to these financial statements.

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018
"Unaudited - Read Accountant's Compilation Report"

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Member assessments	\$ 154,337	\$ 119,071	\$ 273,408
Interest	20	1,560	1,580
	<u>154,357</u>	<u>120,631</u>	<u>274,988</u>
EXPENSES	<u>107,078</u>	<u>91,826</u>	<u>198,904</u>
EXCESS (DEFICIT) REVENUES OVER EXPENSES	47,279	28,805	76,084
FUND BALANCES, January 1, 2018	<u>100,477</u>	<u>168,315</u>	<u>268,792</u>
FUND BALANCES, December 31, 2018	<u>\$ 147,756</u>	<u>\$ 197,120</u>	<u>\$ 344,876</u>

Read the accompanying notes to these financial statements.

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
"Unaudited - Read Accountant's Compilation Report"

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net member assessments collected	\$ 152,663	\$ 119,071	\$ 271,734
Interest collected	20	1,560	1,580
Other revenues collected	-	-	-
Cash paid for expenditures	(108,717)	(91,826)	(200,543)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>43,966</u>	<u>28,805</u>	<u>72,771</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43,966	28,805	72,771
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>71,573</u>	<u>168,315</u>	<u>239,888</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 115,539</u>	<u>\$ 197,120</u>	<u>\$ 312,659</u>
 RECONCILIATION OF EXCESS OF REVENUES (EXPENDITURES) TO NET CASH PROVIDED BY OPERATING EXPENSES:			
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ 47,279</u>	<u>\$ 28,805</u>	<u>\$ 76,084</u>
 ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENDITURES) TO NET CASH PROVIDED BY OPERATING EXPENSES:			
Change in assessments receivable	(3,379)	-	(3,379)
Change in prepaid insurance	(2,748)	-	(2,748)
Change in prepaid assessments	1,705	-	1,705
Change in accounts payable	1,109	-	1,109
	<u>(3,313)</u>	<u>-</u>	<u>(3,313)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 43,966</u>	<u>\$ 28,805</u>	<u>\$ 72,771</u>

Read the accompanying notes to these financial statements.

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - NATURE OF ORGANIZATION

Heritage Pines Condominium Association, Inc. is a statutory condominium association organized as a non-for-profit corporation for purposes of maintaining and preserving common property for 128 residential unit owners. The Association began its operations in November, 1980.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To insure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for general operations of the Association.

Reserves Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Member Assessments

Association members are subject to monthly assessments, based on each unit's square footage, to provide funds for the association's operating expenses, future capital acquisitions, and major repairs and replacements. Any excess assessments at year end are retained by the Association for use in future years. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent and who have failed to respond satisfactorily to notices urging payment. Balances over 6 months delinquent are generally added to a reserve for uncollectible accounts.

Income Taxes

Condominium associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2018, the Association was taxed as a homeowners association, whereby membership income is generally exempt and only nonmembership income, such as interest, and net rental income, is taxed at 30%.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements as those properties are owned by the individual unit owners in common and not by the Association. Presently, the Association has no capitalized assets.

**HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONT'D
DECEMBER 31, 2018**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

For statement of cash flows presentation, cash includes highly liquid time and certificates of deposit with maturity of one year or less.

NOTE C - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate accounts and are generally not available for expenditure for normal operations. It is the Association's policy to allocate interest earned on these accumulated funds to the reserve funds. The Association voted to fund the reserves for \$119,071 in 2018. The board has estimated the remaining useful lives and replacement costs of the common property components. Actual expenditures however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available. The association had \$197,120 in its reserves as of December 31, 2018.

Members' equity designated for future major repairs and replacements has been allocated to the components of common property as follows:

<u>Components</u>	<u>Beginning Balance</u>	<u>Additions</u>			<u>Transfers</u>	<u>Ending Balance</u>
		<u>Contributions</u>	<u>Interest</u>	<u>Charges</u>		
Painting, stucco & trim	\$ 71,571	\$ 36,524	\$ 390	\$ 19,955		\$ 88,530
Roof replacements	96,744	80,377	1,170	71,871		106,420
Paving	-	2,170	-	-		2,170
	<u>\$ 168,315</u>	<u>\$ 119,071</u>	<u>\$ 1,560</u>	<u>\$ 91,826</u>	<u>\$ -</u>	<u>\$ 197,120</u>

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF RESERVES' REPLACEMENT COSTS
DECEMBER 31, 2018
"Unaudited"

The following is the estimated remaining life and estimated cost to replace the components of the reserves. This information is based upon estimates determined by the Board of directors during the preparation of the proposed 2018 budget. An independent study of remaining lives and replacement costs has not been done.

<u>COMPONENTS</u>	<u>PROJECTED LIFE</u>	<u>ESTIMATED REMAINING LIFE</u>	<u>ESTIMATED COST TO REPLACE</u>	<u>BALANCE 12/31/2018</u>
Roofs	25 years	7-23 years	\$ 544,000	\$ 106,420
Paint Stucco & Trim	10 years	0-8 years	160,000	88,530
Paving	10 years	9 years	<u>50,000</u>	<u>2,170</u>
TOTAL			<u><u>\$ 754,000</u></u>	<u><u>\$ 197,120</u></u>

Read the accompanying notes to these financial statements.

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF OPERATING FUND REVENUES
AND EXPENSES COMPARED WITH BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2018
"Unaudited"

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
<u>REVENUES</u>			
Assessments	\$ 154,337	\$ 153,756	\$ 581
Late fees, fines and other	20	-	20
	<u>154,357</u>	<u>153,756</u>	<u>601</u>
<u>EXPENSES</u>			
Audit	5,100	5,000	(100)
Building maintenance	5,034	11,000	5,966
Roof repairs	559	5,000	4,441
lake/waterway maintenance	1,242	1,800	558
Contract lawn service	24,000	24,000	-
Other grounds expense	500	1,000	500
Tree trim and removal	935	3,000	2,065
Electricity	2,005	2,200	195
Management fee	13,056	13,056	-
Postage, copies, supplies	1,143	500	(643)
Miscellaneous admin. Expense	75	500	425
Legal	1,210	4,000	2,790
Insurance	49,461	74,000	24,539
Fees/Dues/Licenses	1,085	600	(485)
Background reports	898	2,000	1,102
Bad debts	775	100	(675)
	<u>107,078</u>	<u>147,756</u>	<u>40,678</u>
TOTAL EXPENSES			
EXCESS (DEFICIT) REVENUES OVER EXPENSES	<u>\$ 47,279</u>	<u>\$ 6,000</u>	<u>\$ 41,279</u>

Read the accompanying notes to these financial statements.