

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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INDEX

ACCOUNTANT'S COMPILATION REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE	3
STATEMENT OF CASH FLOWS	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

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of Heritage Pines Condominium, which comprise the balance sheets as of December 31, 2021 and the related statements of revenues and expenses and changes in fund balance, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Hernden, Trapp & Westfall, LLC
Certified Public Accountants
'June 16, 2022

**HERITAGE PINES CONDOMINIUM ASSOCIATION, INC,
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
"Unaudited - Read Accountant's Compilation Report"**

ASSETS

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<u>ASSETS</u>			
Cash	\$ 150,192	\$ 192,412	\$ 342,604
Owners' assessments receivable, less allowance for uncollectible assessments of \$1,000	7,487	-	7,487
TOTAL ASSETS	\$ 157,679	\$ 192,412	\$ 350,091

LIABILITIES AND FUND BALANCES

LIABILITIES

FUND BALANCES	157,679	\$ 192,412	350,091
TOTAL LIABILITIES AND FUND BALANCES	\$ 157,679	\$ 192,412	\$ 350,091

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, 2021
"Unaudited - Read Accountant's Compilation Report"

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Member assessments	\$ 198,306	\$ 75,102	\$ 273,408
Other Income	3,800	\$ -	\$ 3,800
Interest	95	157	252
	202,201	75,259	277,460
EXPENSES	(204,718)	(48,650)	(253,368)
EXCESS (DEFICIT) REVENUES OVER EXPENSES	(2,517)	26,609	24,092
FUND BALANCES, January 1, 2021	160,196	165,803	325,999
FUND BALANCES, December 31, 2021	\$ 157,679	\$ 192,412	\$ 350,091

Read the accompanying notes to these financial statements.

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
"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	\$ 210,042	\$ 75,102	\$ 285,144
Interest collected	95	157	252
Other revenues collected	3,800	-	3,800
Cash paid for expenditures	<u>(205,380)</u>	<u>(48,650)</u>	<u>(254,030)</u>
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>8,557</u>	<u>26,609</u>	<u>35,166</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,557	26,609	35,166
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>141,635</u>	<u>165,803</u>	<u>307,438</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 150,192</u></u>	<u><u>\$ 192,412</u></u>	<u><u>\$ 342,604</u></u>
 RECONCILIATION OF EXCESS OF REVENUES (EXPENDITURES) TO NET CASH PROVIDED BY OPERATING EXPENSES:			
 EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ (2,517)</u>	<u>\$ 26,609</u>	<u>\$ 24,092</u>
 ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENDITURES) TO NET CASH PROVIDED BY OPERATING EXPENSES:			
Change in assessments receivable	11,736	-	11,736
Change in accounts payable	<u>(662)</u>	<u>-</u>	<u>(662)</u>
	<u>11,074</u>	<u>-</u>	<u>11,074</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 8,557</u></u>	<u><u>\$ 26,609</u></u>	<u><u>\$ 35,166</u></u>

Read the accompanying notes to these financial statements.

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, 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, 2021**

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 \$75,102 in 2021. 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 \$192,412 in its reserves as of December 31, 2021.

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>Ending Balance</u>
		<u>Contributions</u>	<u>Interest</u>	<u>Charges</u>	
Painting, stucco & trim	\$ 81,850	\$ 26,288	\$ 55	\$ 6,850	\$ 101,343
Roof replacements	83,953	48,814	102	41,800	91,069
	<u>\$ 165,803</u>	<u>\$ 75,102</u>	<u>\$ 157</u>	<u>\$ 48,650</u>	<u>\$ 192,412</u>

HERITAGE PINES CONDOMINIUM ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF RESERVES' REPLACEMENT COSTS
DECEMBER 31, 2021
"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 2021 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 12/31/2021</u>
Building, Paving & Painting	10 years	6 years	\$ 160,000	\$ 101,343
Roofing	25 years	14 years	<u>450,000</u>	<u>91,069</u>
TOTAL			<u><u>\$ 610,000</u></u>	<u><u>\$ 192,412</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, 2021
"Unaudited"

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE (UNFAVORABLE) VARIANCE</u>
<u>REVENUES</u>			
Assessments	\$ 198,306	\$ 198,306	\$ -
Other Income	3,800	\$ -	\$ 3,800
Late fees, fines and other	95	12	83
	<u>202,201</u>	<u>198,318</u>	<u>3,883</u>
<u>EXPENSES</u>			
Audit/Accounting	150	1,500	1,350
Building maintenance	45,330	29,144	(16,186)
Roof repairs	1,600	-	(1,600)
Contract lawn service	24,000	24,000	-
Other grounds expense	23,808	24,800	992
Tree trim and removal	15,600	9,000	(6,600)
Electricity	2,004	2,300	296
Management fee	21,600	21,600	-
Postage, copies, supplies	2,802	3,500	698
Legal	3,826	6,000	2,174
Insurance	61,182	74,500	13,318
Income Tax	821	350	(471)
Fees/Dues/Licenses	1,122	624	(498)
Bad debts	873	1,000	127
	<u>204,718</u>	<u>198,318</u>	<u>(6,400)</u>
EXCESS (DEFICIT) REVENUES OVER EXPENSES	<u>\$ (2,517)</u>	<u>\$ 6,000</u>	<u>\$ (2,517)</u>

Read the accompanying notes to these financial statements.