

**PARKSIDE PLACE HOA, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2012**

**WILLIAM A. JACKSON & COMPANY
Certified Public Accountants
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Melbourne, Florida 32935**

PARKSIDE PLACE HOA, INC.
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William A. Jackson & Company
Certified Public Accountants

To the Board of Directors
Parkside Place HOA, Inc.

We have audited the accompanying balance sheet of Parkside Place Homeowners' Association, Inc., as of December 31, 2012, and the related statements of revenues, expenses, and changes in fund balance and cash flows. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkside Place Homeowners' Association, Inc. as of December 31, 2012, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information about future repairs and replacements on page 10 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 inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

August 28, 2013

William A. Jackson & Company, C.P.A.'s
Melbourne, Florida

PARKSIDE PLACE HOA, INC.
BALANCE SHEET
DECEMBER 31, 2012

	Operating Fund	Replacement Fund	Total
Assets			
Cash, including interest-bearing deposits	\$ 71,620	\$ 199,971	\$ 271,591
Assessments Receivable (net of Allowance for Doubtful Accounts of \$33,724)	11,324		11,324
Prepaid Expenses	37,590	-	37,590
Total assets	\$ 120,534	\$ 199,971	\$ 320,505
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 1,771	\$ -	\$ 1,771
Short Term Note Payable	28,716	-	28,716
Prepaid Assessments	14,977	-	14,977
Total liabilities	45,464	-	45,464
Fund Balance	75,070	199,971	275,041
Total liabilities and fund balance	\$ 120,534	\$ 199,971	\$ 320,505

See accompanying notes and accountant's report

PARKSIDE PLACE HOA, INC
REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	Operating Fund	Replacement Fund	Total
Revenues			
Member assessments	\$ 399,416	\$ 38,344	\$ 437,760
Interest Income	-	71	71
Late Fees	400	-	400
Other Revenue	1,268	-	1,268
Total Revenues	<u>401,084</u>	<u>38,415</u>	<u>439,499</u>
Expenses			
Insurance	116,470	-	116,470
Bad Debt Expense	17,109	-	17,109
Interest Expense	1,753	-	1,753
Professional Fees	4,409	-	4,409
Maintenance - Contract	46,134	-	46,134
Maintenance - Building	43,524	-	43,524
Maintenance - Trees	14,982	-	14,982
Maintenance - Lawn & Grounds	40,528	-	40,528
Maintenance - Irrigation	3,046	-	3,046
Maintenance - Pool	4,217	-	4,217
Maintenance - Pest Control	21,269	-	21,269
Maintenance - Clubhouse	5,253	-	5,253
Major Repairs & Replacements	-	3,462	3,462
Management Fees	20,352	-	20,352
Other Expenses	4,168	-	4,168
Utilities - Electric	9,160	-	9,160
Utilities - Cable	61,004	-	61,004
Utilities - Other	1,588	-	1,588
Utilities - Water & Sewer	3,071	-	3,071
Total Expenses	<u>418,037</u>	<u>3,462</u>	<u>421,499</u>
Excess (Deficit) of Revenues Over Expenses	<u>(16,953)</u>	<u>34,953</u>	<u>18,000</u>
Fund Balance at January 1, 2012	<u>92,023</u>	<u>165,018</u>	<u>257,041</u>
Fund Balance at December 31, 2012	<u>\$ 75,070</u>	<u>\$ 199,971</u>	<u>\$ 275,041</u>

See accompanying notes and accountant's report.

PARKSIDE PLACE HOA, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Operating Fund	Replacement Fund	Total
Cash flows from operating activities:			
Excess of revenues over (under) expenses:	\$ (16,953)	\$ 34,953	\$ 18,000
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
(Increase) Decrease in:			
Accounts Receivable	7,141	-	7,141
Prepaid Expenses	2,088	-	2,088
Increase (Decrease) in:			
Prepaid Assessments	2,387	-	2,387
Note Payable	(557)	-	(557)
Accounts Payable	652	-	652
Net cash provided by operating activities:	(5,242)	34,953	29,711
Net increase (decrease) in cash	(5,242)	34,953	29,711
Cash, January 1, 2012	76,862	165,018	241,880
Cash, December 31, 2012	\$ 71,620	\$ 199,971	\$ 271,591

See accompanying notes and accountant's report.

PARKSIDE PLACE HOA, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - Parkside Place Homeowners' Association, Inc. (the Association) was incorporated on February 20, 1986 in the State of Florida as a non-profit corporation. The Association's responsibility is to maintain, operate, and manage all of the common property of the Association. The Association consists of 128 single family units on approximately 13 acres in Indian Harbour Beach, Florida.

Fund Accounting – The Association's governing documents and state law provide certain guidelines for governing its financial activities. To ensure 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 uses member assessments and other revenue to meet the regular, recurring costs of operations. Expenditures from this fund are normally limited to those connected with the day-to-day operations of the Association and are generally made at the discretion of the Board of Directors.

Replacement or Reserve Fund – This fund's purpose is to provide the financial resources needed for future major repairs and replacements. Expenditures from this fund may be made only for their designated purposes.

Cash & Cash Equivalents - For purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments to be cash equivalents.

Commonly Owned Assets –Real and common area properties acquired by the original homeowners from the developer are not capitalized on the Association's financial statements, since it is owned by the individual owners in common and not by the Association. As a result, improvements to the real property and common areas are expensed as incurred.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

PARKSIDE PLACE HOA, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Member Assessments - Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and future major repairs and replacements. Assessments receivable at the balance sheet date represent assessments due from homeowners. No fee is imposed on monthly assessments that are delinquent. However, if assessments are delinquent more than 30 days, the Board of Directors may impose interest at 18% per annum on member assessments until the assessments are paid in full.

Revenues and expenses are allocated equally among all of the units within the Association. Any excess assessments at December 31, 2012 will be retained by the Association for use during the year ended December 31, 2013.

The annual budget and member assessments are adopted by the Board of Directors. The regular member monthly assessment for 2012 was \$285, of which \$24.96 was designated for the reserve fund. No changes will be made in the monthly assessment for 2013.

NOTE 2 – INCOME TAXES

The Association may be taxed either as homeowners' association or as a regular corporation. For the year ended December 31, 2012, the Association was taxed as a homeowners' association. Under that election, the Association is taxed on non-exempt function income, such as interest earnings at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. No federal income tax was incurred for the year ended December 31, 2012.

NOTE 3 – NOTE PAYABLE AND INTEREST EXPENSE

At December 31, 2012, a short -term note payable related to insurance premium financing consists of a short- term unsecured note payable to the Sponsor in the original amount of \$112,771.25 with interest payable at 3.99% per annum. The note is payable in eleven monthly installments, including interest, of \$9,415.12, due March 30, 2013. Interest expensed for the year 2012 was \$1,753.

PARKSIDE PLACE HOA, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for major repairs and replacements. Accumulated funds, which total \$199,971 at December 31, 2012, are held in separate accounts and are generally not available for operating purposes. It is the Association's policy to allocate interest earned on such funds to the selected reserve that is most in need of additional monies.

The Association is funding for major repairs and replacements over the remaining useful lives of the components based on current estimates of replacement costs considering amounts previously accumulated in the replacement fund. 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 to increase regular assessments, levy special assessments, or delay major repairs and replacements until funds are available.

Member's equity designated for future major repairs and replacements has been allocated by management and the Board of Directors to the components of common property as follows:

<u>Description</u>	<u>Balance 01/01/12</u>	<u>Member Assessments</u>	<u>Interest Income</u>	<u>Additional Transfers</u>	<u>Disbursements</u>	<u>Balance 12/31/12</u>
Accounting	\$ 1,059	\$ -	\$ -	\$ -	\$ -	\$ 1,059
Roads & Sidewalks	25,154	15,000	-	-	-	40,154
Roofs	26,063	(12,756)	-	-	-	13,307
Painting	16,957	12,700	-	-	-	29,657
Pool & Spa	5,597	3,000	-	-	-	8,597
Clubhouse	8,737	3,000	-	-	-	11,737
Storage Room	5,000	-	-	-	-	5,000
Tennis Courts	(273)	2,400	-	-	-	2,127
Fences	6,247	3,600	-	-	-	9,847
Lighting	6,636	-	-	-	-	6,636
Irrigation Systems	3,030	-	-	-	3,462	(432)
Pond & Drainage	10,359	2,400	-	-	-	12,759
Capital Improvements	50,290	9,000	-	-	-	59,290
Unallocated Interest	162	-	71	-	-	233
Totals	<u>\$ 165,018</u>	<u>\$ 38,344</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 3,462</u>	<u>\$ 199,971</u>

PARKSIDE PLACE HOA, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 – MANAGEMENT AND MAINTENANCE AGREEMENTS

During 2012, the Association entered into an agreement with Dependable Property Management, LLC. Under this agreement Dependable Property manages the affairs and provides monthly bookkeeping services for the Association. The management agreement is a month-to-month agreement, and during the 2012 year, payments for these services were \$1,728 per month. Total management fees paid to Dependable for the 2012 year was \$20,352.

In addition, the management company provides maintenance and upkeep for the Association. The fee for these services was \$3,900 per month, and for the 2012 year, total fees paid by the Association for contract maintenance were \$46,134.

SUPPLEMENTARY INFORMATION

PARKSIDE PLACE HOA, INC
SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND MAINTENANCE
DECEMBER 31, 2012

The Board of Directors and management work together to estimate the remaining useful lives and replacement costs of the common property components. These estimates are based on actual history and industry practice. The Association is funding for such major repairs and replacements over the estimated useful lives of the components. Actual expenditures may vary from the estimated amounts and the variations may be material.

The following is based on their estimates and presents significant information about the components of common property.

<u>Description</u>	<u>Average Estimated Useful Life</u>	<u>Average Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Costs</u>	<u>Current Replacement Fund</u>	<u>2013 Proposed Budgeting Requirements</u>
Accounting	1 year	1 year	\$ 6,000	\$ 1,059	\$ -
Roads & Sidewalks	15 - 20 years	8 - 10 years	60,000	40,154	16,550
Roofs	15 - 20 years	10 years	25,000	13,307	(12,756)
Painting	5 - 8 years	3 years	120,000	29,657	12,700
Pool & Spa	5 -15 years	11 years	60,000	8,597	2,483
Clubhouse	5 -20 years	10 years	20,000	11,737	2,483
Storage Room	5 -10 years	1 year	5,000	5,000	-
Tennis Courts	20 - 30 years	20 years	30,000	2,127	1,987
Fences	15 - 20 years	7 years	30,000	9,847	2,980
Lighting	5 - 8 years	3 years	30,000	6,636	-
Irrigation Systems	10 - 20 years	10 years	30,000	(432)	-
Pond & Drainage	5 -10 years	5 years	20,000	12,759	1,987
Capital Improvements	20 - 30 years	2 years	-	59,290	9,930
Unallocated Interest			-	233	-
Totals			<u>\$ 436,000</u>	<u>\$ 199,971</u>	<u>\$ 38,344</u>