

**PARKSIDE PLACE
HOMEOWNERS ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2014

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Parkside Place Homeowners Association, Inc.

We have reviewed the accompanying balance sheet of Parkside Place Homeowners Association, Inc. as of December 31, 2014, and the related statements of revenue, expenses, and changes in fund balance and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America mandate that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Association has not presented this supplementary information.

Joseph R. Michalak, LLC

Joseph R. Michalak, LLC
Certified Public Accountant

Maitland, Florida
April 24, 2015

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

December 31, 2014

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS:			
Cash, including interest-bearing deposits	\$ 84,970	\$ 230,640	\$ 315,610
Assessments receivable, net of allowance (Note 3)	8,810	-	8,810
Prepaid expenses	<u>29,010</u>	<u>-</u>	<u>29,010</u>
TOTAL ASSETS	<u>\$ 122,790</u>	<u>\$ 230,640</u>	<u>\$ 353,430</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 5,020	\$ -	\$ 5,020
Assessments received in advance	<u>8,990</u>	<u>-</u>	<u>8,990</u>
TOTAL LIABILITIES	<u>14,010</u>	<u>-</u>	<u>14,010</u>
FUND BALANCE:	<u>108,780</u>	<u>230,640</u>	<u>339,420</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 122,790</u>	<u>\$ 230,640</u>	<u>\$ 353,430</u>

See accompanying notes and accountant's review report.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2014

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTALS</u>
REVENUE:			
Assessments	\$ 409,920	\$ 27,780	\$ 437,700
Interest	10	40	50
Other	2,210	-	2,210
Rental income	8,910	-	8,910
	<u>421,050</u>	<u>27,820</u>	<u>448,870</u>
TOTAL REVENUE			
EXPENSES:			
Cable service	73,580	-	73,580
Building repair and maintenance	9,900	-	9,900
Exterior painting	17,110	-	17,110
Termite bond	3,870	-	3,870
Fertilizer / Pest treatment	17,450	-	17,450
Utilities	18,920	-	18,920
Lakes and waterways	800	-	800
Contract grounds maintenance	38,650	-	38,650
Irrigation repair	20,550	-	20,550
Other grounds maintenance	24,250	-	24,250
Pool and clubhouse costs	9,270	-	9,270
Contract management fee	16,870	-	16,870
Maintenance personnel	17,330	-	17,330
Office and other	6,740	-	6,740
Legal and accounting	2,310	-	2,310
Insurance	107,640	-	107,640
License and fees	290	-	290
Bad debt	2,760	-	2,760
Rental expense	3,340	-	3,340
Replacement expenses	-	12,010	12,010
	<u>391,630</u>	<u>12,010</u>	<u>403,640</u>
TOTAL EXPENSES			
REVENUE IN EXCESS OF EXPENSES	29,420	15,810	45,230
FUND BALANCE – Beginning of year	<u>79,360</u>	<u>214,830</u>	<u>294,190</u>
FUND BALANCE – End of year	<u>\$ 108,780</u>	<u>\$ 230,640</u>	<u>\$ 339,420</u>

See accompanying notes and accountant's review report.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Revenue in excess of expenses	\$ 29,420	\$ 15,810
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:		
(Increase) decrease in:		
Assessments receivable	2,660	-
Prepaid expenses	< 11,310 >	-
Increase (decrease) in:		
Accounts payable and accrued expenses	590	-
Assessments received in advance	< 3,080 >	-
NET CASH PROVIDED (USED) BY OPERATIONS	18,280	15,810
CASH AT BEGINNING OF YEAR	<u>66,690</u>	<u>214,830</u>
CASH AT END OF YEAR	<u>\$ 84,970</u>	<u>\$ 230,640</u>

See accompanying notes and accountant's review report.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Parkside Place Homeowners Association, Inc. is incorporated in the State of Florida as a not-for-profit corporation. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 128 residential units located in Brevard County, Florida.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenses.

The operating fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations. Expenses from this fund are limited to those connected with daily operations.

The replacement fund is composed of capital assessments paid by unit owners to fund future replacements and major repairs. Expenses from this fund are restricted to those items for which assessments were specifically collected. Interest earned on replacement funds remains in the replacement fund and is allocated to the interest component. Interest earned on replacement funds remains in the replacement fund and is allocated to the components based on their respective balances.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Real and Common Area Property

Real and common area property owned by the Association is not recorded in the Association's financial statements as it was acquired in a nonmonetary transaction from the Developer and the fair value of the assets cannot be reasonably determined. As a result, improvements made to the real property and common areas are not capitalized.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Association is funding for major repairs and replacements based on estimated current replacement costs. Actual expenditures 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, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

The following table presents significant information about the components of common property:

COMPONENT	BALANCE 1/1/2014	FUNDING DURING YEAR	INTEREST INCOME	EXPENSES DURING YEAR	BALANCE 12/31/2014
Accounting	\$ 1,060	\$ < 970 >	\$ -	\$ -	\$ 90
Roads / Sidewalks	55,150	21,420	100	2,400	74,270
Roofing	540	780	-	-	1,320
Painting	42,360	< 3,800 >	40	4,530	34,070
Pool / Spa	580	1,160	-	-	1,740
Clubhouse	14,730	710	20	2,880	12,580
Storage room	5,000	-	10	-	5,010
Tennis courts	4,530	650	10	-	5,190
Fence	13,450	750	20	-	14,220
Lighting	3,030	2,750	10	-	5,790
Irrigation	< 430 >	2,470	-	-	2,040
Pond / Drainage	6,270	1,110	10	2,200	5,190
Capital improvements	68,290	750	90	-	69,130
Interest	270	-	< 270 >	-	-
	<u>\$ 214,830</u>	<u>\$ 27,780</u>	<u>\$ 40</u>	<u>\$ 12,010</u>	<u>\$ 230,640</u>

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 3: MEMBER ASSESSMENTS

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. Members' assessments prepaid are classified as assessments received in advance. It is the Association's policy to retain legal counsel and place liens on the property of delinquent homeowners. Assessments which have been deemed to be uncollectable as of the report date have been charged to bad debts. Any excess assessments at year end are retained by the Association for use in future operation periods. The allowance for bad debt expense is \$ 600 as of December 31, 2014.

NOTE 4: INCOME TAXES

Common interest realty associations may elect to be taxed as regular corporations or as homeowners associations, under Section 528 of the Internal Revenue Code. With either election the Association is generally taxed only on its non-membership income, such as bank interest, investment earning and other non-exempt function income.

NOTE 5: COMMITMENTS AND CONTINGENCIES

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 24, 2015, the date that the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

NOTE 6: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of bank accounts and certificates of deposit. The Association maintains its cash balances at several different financial institutions. Accounts at each institution are insured by the FDIC up to \$ 250,000. As of December 31, 2014, all of the Association's funds were fully insured.

The Association's major source of revenue is member assessments, which are receivable from its members and may be secured by a lien on their property. The Association monitors the collectability of these receivables and pursues collection. Management routinely assesses the collectability of these receivables and provides for an allowance for doubtful accounts based on this assessment.