

**PARKSIDE PLACE
HOMEOWNERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2016

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Parkside Place Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2016, and the related statements of revenue, expenses, and changes in fund balance 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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. The information is the representation of management. 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.

Joseph R. Michalak, LLC

Joseph R. Michalak, LLC
Certified Public Accountant

Maitland, Florida
February 16, 2017

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

BALANCE SHEET

December 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS:			
Cash, including interest-bearing deposits	\$ 27,290	\$ 193,200	\$ 220,490
Assessments receivable	1,010	-	1,010
Prepaid expenses	34,110	-	34,110
TOTAL ASSETS	<u>\$ 62,410</u>	<u>\$ 193,200</u>	<u>\$ 255,610</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 650	\$ -	\$ 650
Assessments received in advance	21,680	-	21,680
TOTAL LIABILITIES	<u>22,330</u>	<u>-</u>	<u>22,330</u>
FUND BALANCE:	<u>40,080</u>	<u>193,200</u>	<u>233,280</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 62,410</u>	<u>\$ 193,200</u>	<u>\$ 255,610</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, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUE:			
Assessments	\$ 433,230	\$ 42,800	\$ 476,030
Interest	50	430	480
Other	870	-	870
	<u>434,150</u>	<u>43,230</u>	<u>477,380</u>
EXPENSES:			
Cable service	75,310	-	75,310
Repair and maintenance	22,730	-	22,730
Exterior painting	26,960	-	26,960
Termite bond	5,320	-	5,320
Utilities	16,740	-	16,740
Lakes and waterways	980	-	980
Fertilizer / Pest treatment	18,650	-	18,650
Contract grounds maintenance	37,520	-	37,520
Irrigation repair	16,050	-	16,050
Other grounds maintenance	18,620	-	18,620
Pool and clubhouse costs	10,910	-	10,910
Contract management fee	16,200	-	16,200
Maintenance personnel	23,330	-	23,330
Office and other	3,960	-	3,960
Legal and accounting	4,610	-	4,610
Insurance	130,810	-	130,810
Bad debt	440	-	440
Replacement expenses	-	51,150	51,150
	<u>429,140</u>	<u>51,150</u>	<u>480,290</u>
TOTAL EXPENSES	<u>429,140</u>	<u>51,150</u>	<u>480,290</u>
REVENUE IN EXCESS OF EXPENSES	5,010	< 7,920 >	< 2,910 >
FUND BALANCE – Beginning of year	<u>35,070</u>	<u>201,120</u>	<u>236,190</u>
FUND BALANCE – End of year	<u>\$ 40,080</u>	<u>\$ 193,200</u>	<u>\$ 233,280</u>

See accompanying notes and accountant's review report.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Revenue in excess of expenses	\$ 5,010	\$ < 7,920 >
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:		
(Increase) decrease in:		
Assessments receivable	750	-
Prepaid expenses	< 8,740 >	-
Due from operating fund	-	9,360
Increase (decrease) in:		
Accounts payable and accrued expenses	< 8,510 >	-
Assessments received in advance	2,560	-
Due to replacement fund	< 9,360 >	-
NET CASH PROVIDED (USED) BY OPERATIONS	< 18,290 >	1,440
CASH AT BEGINNING OF YEAR	<u>45,580</u>	<u>191,760</u>
CASH AT END OF YEAR	<u>\$ 27,290</u>	<u>\$ 193,200</u>

See accompanying notes and accountant's review report.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 administration, 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 pooled component.

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, 2016

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Association is using the pooling method to accumulate funds for future replacements. Funding for major repairs and replacements is based on estimated current replacement costs adjusted for inflation and a stated investment rate of return. Actual expenditures, inflation rates and investment returns 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 1/1/2016	FUNDING DURING YEAR	INTEREST INCOME	EQUITY TRANSFER BETWEEN FUNDS	EXPENSES DURING YEAR	BALANCE 12/31/2016
Accounting	\$ 90	\$ -	\$ -	\$ < 90 >	\$ -	\$ -
Roads / Sidewalks	96,320	-	-	< 96,320 >	-	-
Roofing	7,580	-	-	< 7,580 >	-	-
Painting	33,480	-	-	< 33,480 >	-	-
Pool / Spa	< 2,950 >	-	-	2,950	-	-
Clubhouse	8,350	-	-	< 8,350 >	-	-
Storage room	5,010	-	-	< 5,010 >	-	-
Tennis courts	5,690	-	-	< 5,690 >	-	-
Fence	14,730	-	-	< 14,730 >	-	-
Lighting	2,580	-	-	< 2,580 >	-	-
Irrigation	4,750	-	-	< 4,750 >	-	-
Pond / Drainage	< 310 >	-	-	310	-	-
Capital improvements	25,800	-	-	< 25,800 >	-	-
Pooled	-	42,800	430	201,120	51,150	193,200
	<u>\$ 201,120</u>	<u>\$ 42,800</u>	<u>\$ 430</u>	<u>\$ -0-</u>	<u>\$ 51,150</u>	<u>\$ 193,200</u>

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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.

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 February 16, 2017, 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 which potentially subject the Association to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation and assessments receivable. Management of the Association evaluates the financial stability of its depositories and considers the risk of loss to be remote. The Association's assessments receivable are related to billed assessments. The Association monitors the collectibility of these assessments receivable and pursues collection. Management routinely assesses the uncollectibility of the Association's assessments receivable and provides for allowances for doubtful accounts based on this assessment.

PARKSIDE PLACE HOMEOWNERS ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)**

December 31, 2016

The Association's Board has estimated the remaining useful lives and the replacement costs of components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components. Estimated current replacement costs have not been revised and do not take into account the effects of inflation between the date of the estimate and the date that the components will require repair or replacement.

The following is based on the estimate and presents significant information about the components of common property:

<u>COMPONENT</u>	<u>ESTIMATED REMAINING USEFUL LIFE (YEARS)</u>	<u>ESTIMATED CURRENT REPLACEMENT COST</u>	<u>REPAIRS/REPLACEMENTS DECEMBER 31, 2016</u>
Roads / Sidewalks	0	\$ 125,000	\$ -
Roofing	18-28	34,700	-
Pool / Spa	1-25	58,100	-
Clubhouse	4-18	36,300	-
Tennis courts	0-4	45,300	-
Fence	4	30,100	-
Lighting	4	65,200	-
Pond / Drainage	1	30,000	-
Capital improvements	1-9	41,100	-
Pooled	-	-	193,200
		<u>\$ 465,800</u>	<u>\$ 193,200</u>

See accountant's report.