

EAST LAKE WOODLANDS COMMUNITY
ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

East Lake Woodlands Community Association, Inc.
Oldsmar, Florida

Opinion

We have audited the accompanying financial statements of East Lake Woodlands Community Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Lake Woodlands Community Association, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of East Lake Woodlands Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 4 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Responsibilities of Management 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, and for 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.

To the Board of Directors
East Lake Woodlands Community Association, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Lake Woodlands Community Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of East Lake Woodlands Community Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Lake Woodlands Community Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

To the Board of Directors
East Lake Woodlands Community Association, Inc.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



BASHOR & LEGENDRE, LLP
Certified Public Accountants
Tampa, Florida

April 26, 2024

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

BALANCE SHEET

AS OF DECEMBER 31, 2023

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 595,514	\$ 458,090	\$ 1,053,604
Assessments receivable	7,018	-	7,018
Prepaid expenses	60,112	-	60,112
Deposits	586	-	586
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 663,230</u>	<u>\$ 458,090</u>	<u>\$ 1,121,320</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable	\$ 361,313	\$ 7,571	\$ 368,884
Prepaid assessments	18,492	-	18,492
Contract liabilities (Assessments received in advance-replacement fund)	-	431,846	431,846
	<hr/>	<hr/>	<hr/>
Total Liabilities	379,805	439,417	819,222
Fund Balances	<hr/> 283,425	<hr/> 18,673	<hr/> 302,098
Total Liabilities and Fund Balances	<u>\$ 663,230</u>	<u>\$ 458,090</u>	<u>\$ 1,121,320</u>

The accompanying notes are an integral part of these financial statements.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Regular assessments	\$ 1,749,277	\$ 548,976	\$ 2,298,253
Other income	159,921	-	159,921
Interest income	637	15,101	15,738
Total Revenues	<u>1,909,835</u>	<u>564,077</u>	<u>2,473,912</u>
<u>EXPENSES</u>			
General and administrative	278,929	-	278,929
Insurance	102,142	-	102,142
Repairs and maintenance	1,383,013	-	1,383,013
Utilities	106,968	-	106,968
Replacement expenses	<u>-</u>	<u>548,976</u>	<u>548,976</u>
Total Expenses	<u>1,871,052</u>	<u>548,976</u>	<u>2,420,028</u>
<u>EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES</u>	38,783	15,101	53,884
<u>BEGINNING FUND BALANCES</u>	<u>244,642</u>	<u>3,572</u>	<u>248,214</u>
<u>ENDING FUND BALANCES</u>	<u>\$ 283,425</u>	<u>\$ 18,673</u>	<u>\$ 302,098</u>

The accompanying notes are an integral part of these financial statements.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Excess/(Deficit) of Revenues over Expenses	\$ 38,783	\$ 15,101	\$ 53,884
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash from operating activities:			
(Increase) Decrease in:			
Assessments receivable	6,776	-	6,776
Prepaid expenses	(13,848)	-	(13,848)
Increase (Decrease) in:			
Accounts payable	268,923	7,571	276,494
Taxes payable	(853)	-	(853)
Prepaid assessments	(25,205)	-	(25,205)
Contract liabilities (Assessments received in advance-replacement fund)	-	(51,976)	(51,976)
<u>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</u>	274,576	(29,304)	245,272
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	320,938	487,394	808,332
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 595,514</u>	<u>\$ 458,090</u>	<u>\$ 1,053,604</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for taxes	<u>\$ 853</u>
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The accompanying notes are an integral part of these financial statements.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - NATURE OF ORGANIZATION

Description of Business

East Lake Woodlands Community Association, Inc. (“Association”) was incorporated on August 5, 1983 as a corporation, not-for-profit, under the terms and provisions of Chapter 617, Florida Statutes. The Association, which operates under Florida Statute 720, is responsible for the operation and maintenance of the common property within the development. The development consists of 2765 residential units located in Oldsmar, Florida.

NOTE 2 - DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 26, 2024, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association’s governing documents provide certain guidelines for carrying out 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 is used to account for financial resources available for the general operations of the Association.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Member Assessments

Association members are subject to annual assessments but members may pay on a quarterly or monthly basis to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transactions amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are seriously delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2023, the Association had net assessments receivable of \$7,018. It is the opinion of the Board that an allowance for doubtful accounts is not necessary at December 31, 2023 to cover anticipated losses from doubtful accounts.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of net assessments receivable as of the beginning and end of the year are \$13,794 and \$7,018, respectively.

Property and Equipment

In conformity with industry practice, the Association's policy for recognizing common property as assets in its balance sheet is to recognize (a) common property and (b) real property to which it has title and that the Board can dispose of for cash while retaining the proceeds for the Association or that is used to generate significant cash flows from members on the basis of usage or from nonmembers.

The Association holds title to common real property consisting of a streets, ponds, swales, and fences. This common property cannot be disposed of by the Board for cash while retaining the proceeds for the Association nor is it used to generate significant cash flows from members on the basis of usage or from nonmembers and is not recognized as an asset.

The disposition and use of common property is restricted by the Association's governing documents.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Interest Earned

The Association's policy is to allocate interest earned to the operating and replacement fund in proportion to the interest bearing deposits of each fund.

Fair Value of Financial Instruments

The Association's financial instruments consist primarily of cash and cash equivalents, assessments receivable, deposits, accounts payable, and contract liabilities. The carrying amounts of such financial instruments approximate their respective estimated fair values due to the short-term maturities and approximate market interest rates of these instruments. The estimated fair values are not necessarily indicative of the amounts the Association would realize in a current market exchange or from future earnings or cash flows.

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

Contract Liabilities (Assessments received in advance-replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$483,822 and \$431,846, respectively.

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents provide certain guidelines for governing its financial activities. The Association maintains an operating fund available for general operations and a replacement fund designated for future major repair and replacements. Replacement funds are presented on the accompanying balance sheet as contract liabilities (assessments received in advance-replacement fund) and replacement fund balance which are held in separate bank accounts and generally are not available for expenditures for normal operations.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Board, in conjunction with outside consultants, conducted a formal study in July 2021, to estimate the remaining useful lives and replacement costs of the components of common property. The table included in the supplementary information on Future Major Repairs and Replacements is based on the formal study.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirements have been included in the next year's budget.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available.

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS REGARDING THOSE ITEMS. OWNERS MAY ELECT TO PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - OWNERS' ASSESSMENTS

Unbound Association assessments to owners were approximately \$455 annually, based on the number of total units for 2023. Of these amounts, approximately \$180 was designated for the replacement fund.

Bound Association assessments to owners were approximately \$232 quarterly, based on the total number of units for 2023. Of these amounts, approximately \$45 was designated for the replacement fund.

The annual budget and assessments of owners are determined by the Board. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

NOTE 6 - INCOME TAXES

Homeowners associations may be taxed either as homeowners associations or as regular corporations. For the year ended December 31, 2023, the Association elected to be taxed as a homeowners association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings. Exempt function income, which consists primarily of member assessments, is not taxable.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Association maintains accounts with financial institutions. Accounts at each institution are insured subject to FDIC limits. At December 31, 2023, the Association's uninsured cash balances total \$114,503.

SUPPLEMENTARY INFORMATION

EAST LAKE WOODLANDS COMMUNITY ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(unaudited)

The Board, in conjunction with management, commissioned a formal study in July 2021, to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. The study takes into account the effects of inflation between the date of the study and the date that the components will require repair or replacement at a rate of 2% per year.

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

Components	2022 Estimated Remaining Useful Lives (years)	2022 Estimated Current Replacement Costs	Components of Replacement Fund at Year End
Pavement	1-19	\$ 1,699,965	\$ -
Catch basins and concrete	1-30+	5,319,530	-
Fences	1-2	95,280	-
Gate	1-19	214,400	-
Irrigation	5-14	134,400	-
Wall	2-6	36,975	-
Lighting	1-13	29,000	-
Pipes	19-29	652,900	-
Signage	1-16	199,000	-
Railings	14	14,000	-
Security	5-15	60,000	-
Stormwater	1-5	75,000	-
Swale repairs	1	38,500	-
Walkways	8	11,250	-
Gate house	5-18	94,000	-
Reserve study	2	6,700	-
Deferred maintenance		-	136,055
General		-	100,678
Capital improvements		-	195,113
Interest		-	18,673
		<u>\$ 8,680,900</u>	<u>\$ 450,519</u>