WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.

FINANCIAL STATEMENTS

December 31, 2019

WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2019

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WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.
BALANCE SHEET
December 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 2,670	$ 438,910	$ 441,580
Assessments Receivable (Less: allowance for doubtful accounts of $75,000)	273,984	-	273,984
Prepaid Insurance	169,588	-	169,588
Prepaid Expenses	25,988	-	25,988
Due from Operating Fund	-	253,629	253,629
TOTAL ASSETS	$ 472,230	$ 692,539	$ 1,164,769
LIABILITIES			
Accounts Payable	$ 259,945	$ -	$ 259,945
Contract Payable	-	19,827	19,827
Prepaid Assessments	1,365	-	1,365
Insurance Payable	140,778	-	140,778
Deferred Cable Revenue	48,000	-	48,000
Contract Liabilities - (Assessments received in advance-Replacement Fund)		667,420	667,420
Due to Replacement Fund	253,629	-	253,629
TOTAL LIABILITIES	$ 703,717	$ 687,247	$ 1,390,964
FUND BALANCES			
Fund Balance	$ (231,487)	$ 5,292	$ (226,195)
TOTAL LIABILITIES AND FUND BALANCE	$ 472,230	$ 692,539	$ 1,164,769

See Accountants Audit Report and Accompanying Notes to the Financial Statements

WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
Year Ended December 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES			
Maintenance Fees	$ 1,830,905	$ 33,992	$ 1,864,897
Special Assessments	144,000	-	144,000
AT&T Rebate Revenue	10,971	-	10,971
Other Income	3,014	-	3,014
Interest Income	-	2,081	2,081
TOTAL REVENUES	$ 1,988,890	$ 36,073	$ 2,024,963
EXPENSES			
Cable Television	$ 208,110	$ -	$ 208,110
Country Club Fees	405,734	-	405,734
Elevator Maintenance	47,010	-	47,010
Exterminating	8,988	-	8,988
Food & Beverage	67,200	-	67,200
General Repairs & Maintenance	157,703	-	157,703
Grounds & Sprinklers	12,777	-	12,777
Insurance Expense	290,037	-	290,037
Janitorial Service	131,590	-	131,590
Lawn Maintenance	47,325	-	47,325
Legal & Accounting Fees	22,417	-	22,417
Licenses, Taxes & Fees	11,593	175	11,768
Office Supplies & Postage	15,163	-	15,163
Payroll & Taxes	28,074	-	28,074
Pool Service & Repairs	12,481	-	12,481
Roofing	5,150	-	5,150
Sealcoating	-	33,992	33,992
Security / Alarms & Equipment	35,028	-	35,028
Special Assessment Expenses	144,050	-	144,050
Telephone	1,184	-	1,184
Trash Removal	63,246	-	63,246
Utilities-Electric	42,273	-	42,273
Utilities-Water & Sewer	423,075	-	423,075
Weatherproofing	36,516	-	36,516
TOTAL EXPENSES	$ 2,216,724	$ 34,167	$ 2,250,891
EXCESS REVENUES/(EXPENSES)	$ (227,834)	$ 1,906	$ (225,928)
FUND BALANCE 12/31/18	(3,653)	3,386	(267)
FUND BALANCE 12/31/19	$ (231,487)	$ 5,292	$ (226,195)

See Accountants Audit Report and Accompanying Notes to the Financial Statements

WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Sources of Cash			
Maintenance Fees	$ 1,768,112	$ 148,000	$ 1,916,112
Special Assessments	120,690	-	120,690
Cable Rebate Revenue	48,000	-	48,000
Other Income	3,014	-	3,014
Interest Income	-	2,081	2,081
Total Sources of Cash	$ 1,939,816	$ 150,081	$ 2,089,897
Uses of Cash			
Expenses Paid	2,070,834	14,340	2,085,174
Net Cash (Used In) Provided By Operating Activities	$ (131,018)	$ 135,741	$ 4,723
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund Transfers	91,485	(91,485)	-
Net Cash Provided By (Used In) Financing Activities	$ 91,485	$ (91,485)	$ -
Total (Decrease) Increase in Cash and Cash Equivalents	$ (39,533)	$ 44,256	$ 4,723
Cash and Cash Equivalents - December 31, 2018	42,203	394,654	436,857
Cash and Cash Equivalents - December 31, 2019	$ 2,670	$ 438,910	$ 441,580
SUPPLEMENTAL DISCLOSURES			
Income Taxes Paid	$ -	$ -	$ -

See Accountants Audit Report and Accompanying Notes to the Financial Statements

WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess Revenues/(Expenses)	$ (227,834)	$ 1,906	$ (225,928)
Reconciliation of Excess Revenues/(Expenses) To Cash From Net Operating Activities:			
(Increase) Decrease In Assets:			
Assessments Receivable	(87,468)	-	(87,468)
Prepaid Insurance	(31,738)	-	(31,738)
Prepaid Expenses	(17,952)	-	(17,952)
(Decrease) Increase In Liabilities:			
Accounts Payable	166,106	-	166,106
Contract Payable	-	19,827	19,827
Prepaid Assessments	1,365	-	1,365
Insurance Payable	29,474	-	29,474
Deferred Cable Revenue	37,029	-	37,029
Contract Liabilities - (Assessments received in advance-Replacement Fund)	-	114,008	114,008
Net Cash (Used In) Provided By Operating Activities	$ (131,018)	$ 135,741	$ 4,723
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interfund Transfers	91,485	(91,485)	-
Net Cash Provided By (Used In) Financing Activities	$ 91,485	$ (91,485)	$ -
Total (Decrease) Increase in Cash and Cash Equivalents	$ (39,533)	$ 44,256	$ 4,723
Cash and Cash Equivalents - December 31, 2018	42,203	394,654	436,857
Cash and Cash Equivalents - December 31, 2019	$ 2,670	$ 438,910	$ 441,580
SUPPLEMENTAL DISCLOSURES			
Income Taxes Paid	$ -	$ -	$ -
Interest Paid	$ -	$ -	$ -

See Accountants Audit Report and Accompanying Notes to the Financial Statements

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Whitehall Condominiums of Pine Island Ridge Association, Inc. is presented to assist in the understanding of the financial statements. The financial statements and notes are the representations of management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been applied on a consistent basis.

1. Organization – Whitehall Condominiums of Pine Island Ridge Association, Inc. is a statutory condominium association incorporated as a not-for-profit corporation in the State of Florida on February 15, 1983. The Association is also referred to as Whitehall I, and is part of a community known as the Pine Island Ridge Golf and Country Club. The Association is responsible for the operation and maintenance of the common properties and recreational facilities of Whitehall Condominiums of Pine Island Ridge Association, Inc., which consists of 16 buildings housing 384 residential units located in Davie, Florida.

2. Date of Management's Review – In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 5, 2020, the date that the financial statements were available to be issued.

3. Fund Accounting - The Association uses fund accounting, which requires that funds, such as the operating fund and the fund designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the Replacement Fund generally may be made only for designated purposes.

4. Use of Estimates in the Preparation of Financial Statements - 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.

5. Maintenance Assessments - Association members are subject to quarterly 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. Assessment Revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its assessments is satisfied over time in 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. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future operating periods. Quarterly assessments to unit owners during 2019 were $1,335. Of this amount, $96 was designated for the Replacement Fund.

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 of the Association's control.

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. Concentration of Credit Risk - Financial instruments which potentially subject the Association to concentrations of credit risk is primarily cash and assessments receivable. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation up to $250,000. As of December 31, 2019, approximately $83,000 of its cash balances was uninsured. The Association has established an allowance for the possibility of uncollectible assessments receivable in the amount of $75,000.

7. Recognition of assets and depreciation policy – Real property and common areas acquired by the developer and related improvements to such property are not recognized in the Association's financial statements because it is commonly owned by individual unit owners and not by the Association. The Association will capitalize, at cost, personal property which it acquires with Association funds.

8. Interest Income – The Board of Directors' policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts.

9. Income Taxes - The Association may be taxed either as a homeowners' association or as a regular corporation. This election is made annually taking into account the best interest of the Association. For the year ended December 31, 2019, the Association elected to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under that section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses. Income tax expense for the year ended December 31, 2019 was -0-.

Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the later of three years after the initial due date of the return or three years after the return is filed. At December 31, 2019, the Association's tax years that remain subject to examination are 2016-2018.

10. Cash and Cash Equivalents – For presentation purposes, the Association consolidates checking and money market accounts.

11. Fair Value Measurement – The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2019 because of their short term maturities; therefore, no adjustment for the effect if FASB ASC 820 was made to the Association's financial statements at December 31, 2019.

12. 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 the replacement reserve assessments. The balances of contract liabilities (assessments received in advance – replacement fund) as of the beginning and end of the year are $553,412 and $667,420 respectively.

NOTE B – REPLACEMENT FUND

Florida Statutes require the Association to accumulate funds for future major repairs and replacements. At a minimum, each condominium's budget must have line items for reserves for capital expenditures and deferred maintenance for any item for which the replacement cost is greater than $10,000. Accumulated funds are held in a separate cash and investment accounts and generally not available for expenditures for normal operations. It is the responsibility of the Board of Directors to annually review the major components of common property. As part of the review, the Board re-evaluates the estimated remaining useful lives and estimated current replacement costs of each of the components of the Replacement Fund. The Association has not had a reserve study by a recognized specialist.

The condominium policies for funding or waiving replacement assessments include voting at an annual meeting at which a quorum is present. The Association voted to include funding for future needs for major repairs to their individual units through systematic assessments for 2019 in the amount of $148,000. If additional funds are needed, the Association may: increase regular assessments, pass a special assessment or delay the repair or replacement pending availability of funds.

NOTE C – INSURANCE LOAN PAYABLE

On July 18, 2019, the Association financed $274,091 of its annual insurance obligations. The insurance financing note payable was due in ten (10) monthly installments of $28,156 at an interest rate of 5.90% per annum, As of December 31, 2019 the Association owed five (5) payments on this loan totaling $140,778. Finance charges aggregated $8,423 over the term of the note.

NOTE D – SPECIAL ASSESSMENTS

Pool Renovation – In December of 2018, the Board of Directors approved a special assessment in the amount of $96,000 for the purpose of renovating the pool in the community, purchasing new pool furniture and new heaters for the pools. The special assessment was due in full on February 1, 2019 and amounted to $250 per unit. As of December 31, 2019, all funds collected from this special assessment have been spent.

Country Club Assessment – In March of 2019, the Board of Directors approved a special assessment in the amount of $48,000 for the purpose of paying for renovations at the country club. The special assessment was due in full on April 1, 2019 and amounted to $125 per unit. As of December 31, 2019, all funds collected from this special assessment were remitted to the country club.

NOTE E – CONTRACT PAYABLE

In August of 2019, the Association contracted with Atlantic Southern Paving and Sealcoating for the sealcoating and stripping of the roadways in the community. A deposit of $14,165 was paid with the initial contract leaving a contract balance of $19,827. The project has been delayed because of permitting problems with the City of Davie. Costs for asphalt repairs and signage will be additional.

NOTE F – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMNTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers,* in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate – Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled to exchange for those goods or services. The Association adopted the requirements of new guidance as January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to the contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies or assessment revenue and contract liabilities related to the replacement fund, as previously described. The adoption of the new revenue recognition guidance resulted in the following change to the fund balance as of January 1, 2019:

Fund Balance, as previously reported, at January 1, 2019	$ 553,145
Adjustment	(553,412)
Fund Balance, as adjusted, at January 1, 2019	$ (267)

The effect of the adoption is a decrease in the 2019 assessments by $114,008 and a recording of a contract liability (assessments received in advance-replacement fund) as of December 31, 2019, of $667,420. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2019 financial statements. The following are the line items from our balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects if applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
Liabilities			
Contract Liabilities (Assessments received in advance- replacement fund)	$ -	$ 667,420	$ 667,420
Total Liabilities	723,544	667,420	1,390,964
Fund Balance			
Ending Fund Balance	441,225	(667,420)	(226,195)

NOTE F – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMNTATION (continued)

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
Revenue			
Regular Assessments	$ 1,978,905	$ (114,008)	$ 1,864,897
Excess of revenues over expenses	(111,920)	(114,008)	(225,928)
Cash Flows			
Excess of revenues over expenses	(111,920)	(114,008)	(225,928)
Increase in contract liabilities (Assessments received in advance- replacement fund)	-	114,008	114,008

NOTE G - CABLE TV CONTRACT

In July of 2019, the Association contracted with Bluestream Communications to provide cable TV services for the community. The contract will begin February 1, 2020 and is for a period of 8 years with a $45 per unit charge for the first 3 years. The Association received a rebate incentive of $48,000 to sign this contract that is recorded on the balance sheet as deferred cable revenue. The revenue will be recognized pro rata annually over the 8 years.

NOTE H – SUBSEQUENT EVENT – SPECIAL ASSESSMENT

In February of 2020, the Board of Directors approved a special assessment in the amount of $320,640 ($835 per unit) for the primary purpose of waterproofing the back of the ground floor apartments in the 16 buildings of the community. Additional monies were set aside for tree trimming and landscaping. The special assessment was due in full on May 10, 2020.

NOTE I – LAWSUIT

The Association is involved in a lawsuit where the Association is the defendant in a slip and fall action. The case is being defended by the Association's insurance carrier and is ongoing but as of the date of these financial statements, the Association is unable to predict the range of costs that may be incurred and not paid by the Association's insurance carrier and ultimately that the Association may be exposed to if it were not to prevail in the pending litigation.

NOTE J – UNCERTAINTY IN INCOME TAXES

The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. The Association evaluates its uncertain tax positions using the provisions of ASC 450, *Accounting for Contingencies.* Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position, or for all uncertain tax positions in the aggregate, could differ from the amount recognized. For the year ended December 31, 2019 there were no transactions that would cause an uncertainty in the accounting for an income tax liability or refund.

SUPPLEMENTAL INFORMATION

WHITEHALL CONDOMINIUMS OF PINE ISLAND RIDGE ASSOCIATION, INC.

SUPPLEMENTAL SCHEDULE

SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS

December 31, 2019

(Unaudited)

The Board of Directors conducted an informal study to estimate the remaining useful lives and replacement costs of the components of common property. The Association has not had a reserve study by a recognized specialist.

If additional funds are needed, the Association may: increase regular assessments, pass a special assessment or delay the repair or replacement pending availability of funds.

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

Component	Estimated Remaining Life (Yrs)	Estimated Costs	Replacement Fund - Contract Liabilities at 12/31/2019	2020 Annual Funding
Roofing - 9 Bldgs	19	$ 810,000	$ 224,311	$ 45,000
Roofing - 7 Bldgs	13	630,000	144,683	48,000
Painting	5	275,000	40,000	55,000
Paving	2	55,000	25,217	-
Elevators	1	210,000	233,209	-
Interest	n/a	-	5,292	-
Totals		$ 1,980,000	$ 672,712	$ 148,000

See Accountants Audit Report and Accompanying Notes to the Financial Statements