

HOLIDAY PARK CONDOMINIUM
NO. 1 ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
DECEMBER 31, 2015

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June 16, 2016

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To The Board of Directors
Holiday Park Condominium
No. 1 Association, Inc.
Hollywood, FL 33023

We have reviewed the accompanying financial statements of Holiday Park Condominium No. 1 Association, Inc., which comprise the balance sheet as of December 31, 2015, and the related statements of revenues, 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 board of director's financial data and making inquiries of Association's board of directors. 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.

Board of Director's Responsibility for the Financial Statements

The board of directors 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

The board of directors has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 results of our review of the basic financial statements are not affected by that missing information.

Respectfully submitted,



LUNDY, SHACTER, SHULMAN & KAPLAN, P.A.
Certified Public Accountants

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.BALANCE SHEET
AS OF DECEMBER 31, 2015

| | <u>Operating Fund</u> | <u>Special Assessment Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|-------------------------------------------------------------------------------------|---------------------------|----------------------------------------|-----------------------------|-------------------|
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | \$ 5,640 | \$ 543 | \$ 19,998 | \$ 26,181 |
| Assessments Receivable (Net of \$85,125 in Allowance for Uncollectible Accounts) | 92,644 | | | 92,644 |
| Due From Operating Fund | - | | 25,626 | 25,626 |
| Other Receivable | 1,425 | - | - | 1,425 |
| <u>TOTAL ASSETS</u> | <u>\$ 99,709</u> | <u>\$ 543</u> | <u>\$ 45,624</u> | <u>\$ 145,876</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 27,232 | | | \$ 27,232 |
| Other Payable | \$ 1,500 | | | \$ 1,500 |
| Prepaid Owner Assessments | 36,563 | - | - | 36,563 |
| Due To Replacement Fund | 25,626 | - | - | 25,626 |
| <u>TOTAL LIABILITIES</u> | 90,921 | - | - | 90,921 |
| <u>FUND BALANCE</u> | 8,788 | 543 | 45,624 | 54,955 |
| <u>TOTAL LIABILITIES AND FUND BALANCE</u> | <u>\$ 99,709</u> | <u>\$ 543</u> | <u>\$ 45,624</u> | <u>\$ 145,876</u> |

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Operating Fund | Special Assessment Fund | Replacement Fund | Total |
|---------------------------------------|-------------------|-------------------------------|---------------------|------------------|
| <u>REVENUES:</u> | | | | |
| Association Dues | \$ 291,971 | | \$ 18,160 | \$ 310,131 |
| Special Assessment Income | | 56,664 | | 56,664 |
| Other Revenues | 11,204 | | | 11,204 |
| <u>TOTAL REVENUES</u> | <u>303,175</u> | <u>56,664</u> | <u>18,160</u> | <u>377,999</u> |
| <u>EXPENSES:</u> | | | | |
| Accounting Fees | 26,690 | | | 26,690 |
| Accounting Special Assessment Fees | 2,900 | | | 2,900 |
| Other Special Accounting Fees | 4,464 | | | 4,464 |
| Electricity | 9,151 | | | 9,151 |
| Insurance | 69,123 | 16,656 | | 85,779 |
| Janitorial Maintenance | 10,518 | | | 10,518 |
| Lawn Maintenance | 17,242 | | | 17,242 |
| Legal and Professional Fees | 36,146 | 34,342 | | 70,488 |
| Management Fees | 33,626 | | | 33,626 |
| Management Special Assessment Fees | 4,250 | | | 4,250 |
| Security | 9,530 | | | 9,530 |
| Pavement Expenses | | | 9,600 | 9,600 |
| Office Supplies and Reimbursements | 11,668 | | | 11,668 |
| Roof Expenses | | | 4,219 | 4,219 |
| Misc. Expense | 8,319 | 7,111 | | 15,430 |
| Pool Contract | 9,208 | | | 9,208 |
| Licenses, Permits and Fees | 1,050 | | | 1,050 |
| Repair and Maintenance | 41,995 | | | 41,995 |
| Sanitation | 11,825 | | | 11,825 |
| Water and Sewer | 68,246 | | | 68,246 |
| <u>TOTAL EXPENSES</u> | <u>375,952</u> | <u>58,109</u> | <u>13,819</u> | <u>447,880</u> |
| <u>TOTAL REVENUES OVER (EXPENSES)</u> | <u>(72,777)</u> | <u>(1,445)</u> | <u>4,341</u> | <u>(69,881)</u> |
| <u>BEGINNING FUND BALANCE</u> | 81,565 | 1,988 | 41,283 | 124,836 |
| <u>ENDING FUND BALANCE</u> | <u>\$ 8,788</u> | <u>\$ 543</u> | <u>\$ 45,624</u> | <u>\$ 54,955</u> |

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Operating Fund | Special Assessment Fund | Replacement Fund | Total |
|------------------------------------------------------|-------------------|-------------------------------|---------------------|------------------|
| <u>Cash Flows from Operating Activities:</u> | | | | |
| Unit owners' assessments received | \$ 340,828 | \$ 56,664 | \$ 18,160 | \$ 415,652 |
| Other income | 11,204 | - | - | 11,204 |
| Cash paid for operating expenses | (348,852) | (58,109) | (13,819) | (420,780) |
| Net Cash Provided by (Used In) Operating Activities | 3,180 | (1,445) | 4,341 | 6,076 |
| <u>Cash Flows from Financing Activities:</u> | | | | |
| Interfund transfers | (3,021) | - | 3,021 | - |
| Net Cash Provided by (Used In) Financing Activities | (3,021) | - | 3,021 | - |
| <u>NET INCREASE (DECREASE) IN CASH</u> | 159 | (1,445) | 7,362 | 6,076 |
| <u>CASH AND CASH EQUIVALENTS - January 1, 2015</u> | 5,481 | 1,988 | 12,636 | 20,105 |
| <u>CASH AND CASH EQUIVALENTS - December 31, 2015</u> | <u>\$ 5,640</u> | <u>\$ 543</u> | <u>\$ 19,998</u> | <u>\$ 26,181</u> |
| Reconciliation of the Excess of Revenues | | | | |
| Over (Expenses) to Net Cast Provided by (Used In) | | | | |
| Operating Activities: | | | | |
| Excess of revenue over (expenses) | \$ (72,777) | \$ (1,445) | \$ 4,341 | \$ (69,881) |
| Adjustments to reconcile excess of | | | | |
| revenues over (expenses) to net cash provided | | | | |
| by (used in) operating activities: | | | | |
| Decrease in accounts receivable, net | 32,572 | - | - | 32,572 |
| Increase in accounts payable and other | 43,385 | - | - | 43,385 |
| Net Cash Provided by (Used In) Operating Activities | <u>\$ 3,180</u> | <u>\$ (1,445)</u> | <u>\$ 4,341</u> | <u>\$ 6,076</u> |

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Holiday Park Condominium No. 1 Association, Inc. herein referred to as the (Association) is a statutory condominium association incorporated in the State of Florida on December 1, 1977. The Association is responsible for the operation and maintenance of the common property of Holiday Park Condominium No. 1 Association, Inc. The Association consists of 100 residential units located in Hollywood, Florida.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles using the accrual basis of accounting, and pursuant to Section 718.301(4)(c) of the Florida Statutes.

Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds special assessment fund and funds designated for future major repairs and replacements (replacement funds), 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 special assessment fund and the replacement fund may be made as designated by the Board of Directors.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Board of Directors 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.

Assessments Receivable and Owner's 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 represents fees due from unit owners. The Association's policy is to retain legal counsel for any unit over 91 days delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

At December 31, 2015, the Association had delinquent assessments and has setup an allowance for uncollectible accounts of \$85,125.

See Independent Accountant's Review Report.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Income

The Board of Directors' policy is to allocate interest earned (included in other revenues) to the respective fund to which the cash accounts relate.

Property and Equipment

Real property and common areas acquired from the Developer and related improvements to such property are not recorded as assets in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

Income Taxes

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2015. Under that Section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, of the Association property. Net, non-exempt function income, which includes earned interest and revenues received from nonmembers net of certain expenses, maybe subject to a tax at 30% by the federal government.

The Association's tax filings are subject to audit by various taxing authorities. The Association's federal income tax returns for 2015, 2014, 2013, and 2012 remain open to examination by the Internal Revenue Service. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash, cash equivalents and assessments receivable. The Association believes it is not exposed to any significant credit risk on cash, cash equivalents and assessments receivable (net of allowance for uncollectible accounts).

See Independent Accountant's Review Report.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Major Repairs and Replacements

In accordance with the Association's Declaration of Restrictions, the Association assesses each unit owner to meet future replacement of assets and major repair costs. The amounts are determined based on estimates and historical amounts expended by the Association's Board of Directors and are not based on an independent study. Future replacement and repair costs may exceed the accumulated funds. In that event, the Association, based on provisions in the Declaration of Restrictions, has the authority to assess unit owners for additional funds needed (special assessment funds) at the time of or the anticipation of replacement or major repairs.

NOTE 2 – DUE TO/FROM OPERATING, SPECIAL ASSESSMENT AND REPLACEMENT FUNDS

The Board of Directors of Holiday Park Condominium Association elects to combine Special Assessment and Replacement Fund receivables each year into the operating account receivables. This due to/from operating fund account includes the current year and prior year Special Assessment and Replacement Fund receivables from unit owners. Also included in the due to/from operating fund accounts are other advances between these funds designated by the Board of Directors. Any future collections of these receivables that are in the operating fund will be used to pay for the expenses for the operating fund that are required under the Board of Directors' approval.

NOTE 3 – COMMITMENTS AND CONTINGENCIES

The Association has contracted with various vendors for various services to maintain the common property related to certain administration and building operations and maintenance expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

Lawsuits

The Association is involved in several lawsuits against unit owners for delinquent accounts due to the Association.

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and Florida statutes require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations. The Board of Directors estimated the remaining lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs.

See Independent Accountant's Review Report.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS (continued)

The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. The Board of Directors and members elected to partially fund the replacement fund for the year 2015. Accordingly, the funding requirement of approximately \$18,000 has been included in the 2015 Statement of Revenues and Expenses.

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds aggregate to \$19,998 held in an interest bearing account plus amounts due from the operating fund of \$25,626 (some paid back in 2016) are generally not available for expenditures for normal operations.

An independent study to determine the adequacy of the current funding program has not been conducted. The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the Board of Director's estimates of current 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, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The activity in the replacement fund was as follows:

| | Beginning Fund Balance January 1, 2015 | Interest Income and Members' Contributions | Amounts Disbursed | Ending Fund Balance December 31, 2015 |
|-----------------------|----------------------------------------------|--------------------------------------------------|----------------------|---------------------------------------------|
| Paint | 17,231 | 8,720 | | 25,951 |
| Paving | 5,975 | 4,720 | (9,600) | 1,095 |
| Roof | 18,100 | 4,720 | (4,219) | 18,601 |
| Unallocated Interest | 82 | - | - | 82 |
| Unallocated Bank Fees | (105) | - | - | (105) |
| | 41,283 | 18,160 | (13,819) | 45,624 |

NOTE 5– SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 10, 2016, the date which the financial statements were available to be issued.

See Independent Accountant's Review Report.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 – SPECIAL ASSESSMENT IN 2015

In 2015, Holiday Park Condominium No. 1 Association, Inc. initiated a special assessment to its unit owners. The purpose of this special assessment was to raise funds to pay for newly mandated flood insurance premiums, to cover shortages in the operating budget and to cover 10% of the lost revenues from delinquent units.

The amount of the 2015 special assessment was approximately \$57,000. The breakdown of assessment amount per unit owner is as follows:

| | <u>Unit Monthly Maintenance Amount</u> | | <u>2015 Special Assessment Amount</u> |
|---|----------------------------------------|--|---------------------------------------|
| A | \$ 158.26 | | \$ 346.34 |
| B | \$ 224.42 | | \$ 492.09 |
| C | \$ 287.53 | | \$ 627.65 |
| D | \$ 300.48 | | \$ 657.61 |
| E | \$ 338.48 | | \$ 743.60 |