

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016



HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
DECEMBER 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balance (Deficit)	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplemental Information:	
Schedule of Changes in Replacement Fund Balances	10
Supplementary Information on Future Major Repairs and Replacements	11



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

I have reviewed the accompanying financial statements of Holiday Park Condominium No. 1 Association, Inc. which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and changes in fund balance (deficit) 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, I 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

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion on the Financial Statements

Based on my review, I am 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.

Board of Directors

Supplemental Schedule

The supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the information and, accordingly, do not express an opinion on it.

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. I have not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

Guy Strum, P.A.

Guy Strum, P.A.
Plantation, Florida
March 15, 2017

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>SPECIAL ASSESSMENT FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS				
Cash	\$ 1,898	\$ -	\$ 11,489	\$ 13,387
Assessments receivable, net of allowance for doubtful accounts of \$99,787	28,160	-	-	28,160
Prepaid insurance	23,536	-	-	23,536
Interfund advances	<u>-</u>	<u>-</u>	<u>66,070</u>	<u>66,070</u>
	<u>\$ 53,594</u>	<u>\$ -</u>	<u>\$ 77,559</u>	<u>\$ 131,153</u>
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued expenses	\$ 22,866	\$ -	\$ -	\$ 22,866
Insurance financing payable	21,373	-	-	21,373
Prepaid assessments	31,527	-	-	31,527
Interfund advances	<u>66,070</u>	<u>-</u>	<u>-</u>	<u>66,070</u>
	141,836	-	-	141,836
Fund balance (deficit)	<u>(88,242)</u>	<u>-</u>	<u>77,559</u>	<u>(10,683)</u>
	<u>\$ 53,594</u>	<u>\$ -</u>	<u>\$ 77,559</u>	<u>\$ 131,153</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT)
FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	SPECIAL ASSESSMENT FUND	REPLACEMENT FUND	TOTAL
REVENUES:				
Maintenance assessments	\$ 274,769	\$ -	\$ 35,777	\$ 310,546
Special assessment	47,502	-	-	47,502
Interest and other income	11,704	-	4	11,708
	<u>333,975</u>	<u>-</u>	<u>35,781</u>	<u>369,756</u>
EXPENSES:				
Management	39,112	-	-	39,112
Professional fees	72,069	-	-	72,069
Licenses and fees	875	-	-	875
Office	5,061	-	-	5,061
Insurance	69,125	-	-	69,125
Electric	7,816	-	-	7,816
Sanitation	14,709	-	-	14,709
Water and sewer	65,038	-	-	65,038
Telephone	638	-	-	638
Cable	597	-	-	597
Repairs and supplies	57,343	-	-	57,343
Janitorial	10,434	-	-	10,434
Pool	5,120	-	-	5,120
Lawn	10,475	-	-	10,475
Bad debt	73,032	-	-	73,032
Replacement fund	-	-	3,950	3,950
	<u>431,444</u>	<u>-</u>	<u>3,950</u>	<u>435,394</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(97,469)	-	31,831	(65,638)
FUND BALANCES - BEGINNING OF YEAR	8,684	543	45,728	54,412
INTERFUND TRANSFER	<u>543</u>	<u>(543)</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (88,242)</u>	<u>\$ -</u>	<u>\$ 77,559</u>	<u>\$ (11,226)</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	OPERATING <u>FUND</u>	SPECIAL ASSESSMENT <u>FUND</u>	REPLACEMENT <u>FUND</u>	<u>TOTAL</u>
Cash Flows from Operating Activities:				
Assessments collected	\$ 383,144	\$ -	\$ 35,777	\$ 418,921
Other receipts	11,704	-	4	11,708
Cash paid for operating expenses	(439,473)	-	-	(439,473)
Cash paid for replacement fund expenses	-	-	(3,950)	(3,950)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	(44,625)	-	31,831	(12,794)
Cash Flows from Financing Activities				
Interfund advances	40,883	(543)	(40,340)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Financing Activities	40,883	(543)	(40,340)	-
Net Increase (Decrease) in Cash	(3,742)	(543)	(8,509)	(12,794)
Cash - Beginning of Year	5,640	543	19,998	26,181
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash - End of Year	<u>\$ 1,898</u>	<u>\$ -</u>	<u>\$ 11,489</u>	<u>\$ 13,387</u>
Reconciliation of Excess (Deficit) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities				
Excess (Deficit) of Revenues over Expenses	\$ (97,469)	\$ -	\$ 31,831	\$ (65,638)
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided (Used) by Operating Activities:				
(Increase) Decrease in Assets:				
Assessments receivable	65,909	-	-	65,909
Prepaid insurance	(23,536)	-	-	(23,536)
Increase (Decrease) in Liabilities:				
Accounts payable and accrued expenses	(5,866)	-	-	(5,866)
Insurance financing payable	21,373	-	-	21,373
Prepaid assessments	(5,036)	-	-	(5,036)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Adjustments	52,844	-	-	52,844
Net Cash Provided (Used) by Operating Activities	<u>\$ (44,625)</u>	<u>\$ -</u>	<u>\$ 31,831</u>	<u>\$ (12,794)</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - ORGANIZATION

Holiday Park Condominium No. 1 Association, Inc. is an association organized as a not-for-profit corporation 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 consisting of 100 units. The Association is located in Hollywood, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

Interest Earned

The Board's policy is to allocate to the applicable fund interest earned on cash accounts.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and future major repairs and replacements. Assessments receivable at the balance sheet date, if any, represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are delinquent. Any excess assessments at year-end are retained by the Association for use in future years. At December 31, 2016, the Association had delinquent assessments. Accordingly, an allowance for uncollectible accounts in the amount of \$99,787 is deemed necessary.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

In 2016, 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, net of any applicable expenses.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. According to the Association's governing documents, homeowners must approve dispositions of any common real property. Property and equipment, if any, acquired by the Association are recorded at cost and property contributed to the Association by the developer, if any, is recorded at estimated fair value at the date of contribution.

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.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash, brokerage money funds and certificates of deposit purchased with an original maturity date of three months or less.

Fair Value of Financial Instruments

The carrying amounts of the Association's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and long-term debt, approximate their fair values due to their short-term maturities.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive Income

ASC 220 (formally SFAS No. 130) requires “a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income.” Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2016, there were not items that qualify as comprehensive income.

Accounting for Uncertainty in Income Taxes

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.

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, 2016, the Association’s tax years that remain subject to examination are 2013 through 2015.

NOTE C – 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 generally are not available for expenditures for normal operations.

The Board of Directors has conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. The Association is funding for major repairs and replacements based on estimates of future needs after considering amounts previously accumulated in the replacement fund.

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS (continued)

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, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE D – SPECIAL ASSESSMENT

On January 21, 2016, the Board of Directors approved a special assessment in the amount of \$47,502. The purpose of the assessment was for pavers, remote access panel and security, pool shed replacement and equipment, clubhouse air conditioner and water heater plus administrative costs. A total of \$49,323 was spent on these items

NOTE E – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date of this report. That date is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
 SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>DEFERRED MAINTENANCE</u>	<u>PAINTING</u>	<u>ROOF</u>	<u>PAVING</u>	<u>INTEREST</u>	<u>TOTAL</u>
REVENUES:						
Maintenance assessments	\$ 10,000	\$ 4,444	\$ 19,333	\$ 2,000	\$ -	\$ 35,777
Interest income	-	-	-	-	4	4
	<u>10,000</u>	<u>4,444</u>	<u>19,333</u>	<u>2,000</u>	<u>4</u>	<u>35,781</u>
EXPENSES						
	-	-	3,950	-	-	3,950
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	10,000	4,444	15,383	2,000	4	31,831
FUND BALANCES - BEGINNING OF YEAR	-	25,951	18,601	1,095	81	45,728
FUND BALANCES - END OF YEAR	<u>\$ 10,000</u>	<u>\$ 30,395</u>	<u>\$ 33,984</u>	<u>\$ 3,095</u>	<u>\$ 85</u>	<u>\$ 77,559</u>

SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

HOLIDAY PARK CONDOMINIUM NO. 1 ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
 REPAIRS AND REPLACEMENTS
 UNAUDITED
 December 31, 2016

The Board of Directors and management have estimated the remaining useful lives and the replacement costs of the components of common property.

The following table is based on these estimates and presents significant information about the components of common property.

	Estimated Remaining Useful Life (in years)	Estimated Replacement Cost	Components of Fund Balance at 12/31/16	2017 Funding per Budget	2017 Full Funding
Deferred Maintenance	N/A	\$ -	\$ 10,000	\$ -	\$ -
Painting	8	50,000	30,395	1,916	2,451
Roof	5	150,000	33,984	27,472	23,203
Paving	5	50,000	3,095	8,837	9,381
Interest	N/A	N/A	85	-	-
		<u>\$ 250,000</u>	<u>\$ 77,559</u>	<u>\$ 38,225</u>	<u>\$ 35,035</u>