Mainlands of Tamarac by the Gulf Unit 1 Association, Inc.
Financial Statements
December 31, 2019

FOX, SHERWIN & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To Mainlands of Tamarac By The Gulf Unit No. 1 Association, Inc.
Board of Directors and Members:

We have audited the accompanying financial statements of Mainlands of Tamarac By The Gulf Unit No.1 Association, Inc. which comprises the balance sheet as of December 31, 2019 and the related statements of revenues, expenses, and homeowners' fund balances (equity) and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mainlands of Tamarac By The Gulf Unit No. 1 Association, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Expenditures – Budget and Actual and Schedule of Changes in Homeowners' Fund Balance on page 12 and 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 on page 14 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. 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.

Fox Sherwin + Company, LLC

Fox, Sherwin & Company, LLC
St. Petersburg, Florida
June 30, 2020

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.
Balance Sheet
December 31, 2019

	Funds		
		Restricted	
ASSETS	Operating	Reserves	Total
Cash, including interest-bearing deposits	$ 104,080	$ 195,267	$ 299,347
Maintenance & other fees receivable	7,112		7,112
Allowance for Bad Debts	(2,736)		(2,736)
Due from Master Association	1,813		1,813
Prepaid expenses & deposits	17,669		17,669
Equity in Master Association	3,356		3,356
Property and equipment, net of accum. depreciation	10,827		10,827
Land	162,000		162,000
TOTAL ASSETS	$ 304,122	$ 195,267	$ 499,388

LIABILITIES AND HOMEOWNER'S FUND BALANCE

	Operating	Restricted Reserves	Total
Accounts payable - vendors	$ 159		$ 159
Maintenance fees collected in advance	16,230		16,230
Unearned Cable Rebate	54,560		54,560
Income tax payable	236		236
TOTAL LIABILITIES	71,185	-	71,185
TOTAL FUND BALANCE	232,937	195,267	428,203
TOTAL LIABILITIES AND FUND BALANCE	$ 304,122	$ 195,267	$ 499,388

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc,

Statement of Revenues, Expenses and Homeowners' Fund Balance

Year Ended December 31, 2019

	Funds		
REVENUES	Operating	Restricted Reserves	Total
General operating assessments	$ 765,904	$ -	$ 765,904
Reserve assessments		658,000	658,000
Interest	633	258	891
Bad debt recoveries	996		996
Other	12,826		12,826
TOTAL REVENUES	780,359	658,258	1,438,617
EXPENSES			
General operating	793,700		793,700
Reserves		668,512	668,512
Income tax	1,286		1,286
Depreciation expense	2,519		2,519
TOTAL EXPENSES	797,505	668,512	1,466,017
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(17,146)	(10,254)	(27,400)
TRANSFERS			-
FUND BALANCE:			
BEGINNING OF YEAR	250,083	205,520	455,603
END OF YEAR	$ 232,937	$ 195,266	$ 428,203

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.

Statement of Cash Flows

Year Ended December 31, 2019

	Funds		
	Operating	Restricted Reserves	Total
OPERATING ACTIVITIES			
Cash Inflow:			
Assessments	$ 763,765	$ 658,000	$ 1,421,765
Interest	633	258	891
Other Activities	12,826		12,826
	777,224	658,258	1,435,482
Cash Outflows:			
Assessment Activity	728,295	668,512	1,396,807
Income Taxes	2,297		2,297
	730,592	668,512	1,399,104
NET CASH PROVIDED BY OPERATING ACTIVITIES	46,632	(10,254)	36,378
FINANCING ACTIVITIES			
Interfund Transfers	-	-	-
INVESTING ACTIVITIES			
Property Acquisition		-	-
NET INCREASE IN CASH	46,632	(10,254)	36,378
CASH AT BEGINNING OF YEAR	57,448	205,521	262,969
CASH AT END OF YEAR	$ 104,080	$ 195,267	$ 299,347

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.

Reconciliation of Excess (Deficit) of Revenues Over Expenditures to

Net Cash Provided (Used) By Operating Activities

Year Ended December 31, 2019

	Funds		
	Operating	Restricted Reserves	Total
Excess (Deficit) of Revenue over Expenses, Accrual Basis	$ (17,146)	$ (10,254)	$ (27,400)
(Increase) Decrease in receivables	(965)		(965)
(Increase) Decrease in prepaid expense	(3,968)		(3,968)
(Increase) Decrease in Due from Master Association	16,778		16,778
Increase (Decrease) in allowance for bad debt	(2,459)		(2,459)
Increase (Decrease) in due to Master Association	(3)		(3)
Increase (Decrease) in accounts payable	(2,170)		(2,170)
Increase (Decrease) in prepaid fees	54,560		54,560
Increase (Decrease) in Income tax payable	(1,011)		(1,011)
Non-Cash depreciation, operations	2,519		2,519
Non-Cash depreciation, Master Association	497		497
	$ 46,632	$ (10,254)	$ 36,378

Note A – Summary of Significant Accounting Policies

Organization
The Association is a non-profit organization incorporated under the laws of the State of Florida for the purpose of operating the common elements of condominium homeowners. The Association consists of 341 residential units located on approximately 55 acres in Pinellas Park, Florida.

Fund Accounting
The Association's governing documents provide certain guidelines for governing 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.

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

Member Assessments
Association members are subject to monthly 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. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in future years.

Interest Income
Commencing in 1992 all interest income from Restricted Reserve accounts is required to be kept in the Restricted Reserves Fund. Reserve accounts interest is allocated to deferred maintenance.

Income Taxes
Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2019, the Association was taxed as a regular corporation. As a regular corporation, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non membership income, such as interest earnings, at regular federal and state corporate rates. The current corporate tax rate is a flat rate of 21%.

Note A - Continued

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. Property not capitalized consists of residential units, sidewalks, access roads, and greenbelts. Property and equipment acquired by the Association are recorded at cost and property contributed to the Association is recorded at estimated fair value at the date of contribution.

Depreciation
Capitalized common property is depreciated over its estimated useful life using the straight-line method of depreciation.

Equity in Master Association
The Master Association is a corporation formed in 1992 and owned by Mainlands One through Five Associations. Amounts paid to the corporation for assets are recorded as equity. Amounts paid for each of Mainlands One through Five's share of common expenses are expensed. By agreement the Master Association refunds all excess expense reimbursements and the Mainlands Associations reimburse all excess common expense disbursements as of each year end.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note B – Future Major Repairs and Replacements

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate $195,267 at December 31, 2019 are held in separate accounts and are generally not available for operating purposes.

The Association is funding such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. The funding program is not based on an independent study. 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 to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available. In 2019 there were no special assessments. See page 14 for estimated replacement costs and amounts available for replacement.

Note C – Interfund Borrowing

No borrowing is allowed by the Operating Fund from the Restricted Reserves Fund unless it can be repaid in a reasonably short period of time.

Note D – Commitments and Contingencies

Because of the rising rate of homeowners unable to pay mortgages, the association is seeing an increase in unpaid maintenance and other fees. Because of this, the Board of Directors conducted a study in 2019 which resulted in a $2,736 provision for uncollectable receivables. The total unpaid maintenance and other fees is $7,112 at December 31, 2019. If necessary, the Association has the right to increase regular assessments or levy special assessments to cover any shortfall.

The Association files U.S. Federal and Florida income tax returns. The Association is no longer subject to Federal or Florida income tax examinations by tax authorities for years before 2017.

Note E – Property and Equipment

Property and equipment are recorded at cost and consist of the following:

Clubhouse	$ 243,000
Equipment	154,118
	397,118
Less accumulated depreciation	386,291
	$ 10,827

Note F – Subsequent Events

Subsequent events were evaluated through June 30, 2019, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustments to or disclosure within the financial statements.

Note G – Related Party Transactions

No member of management or the association's board of directors participates in any decision in which he or she, or an immediate family member, has any material financial interest. Nor is he or she involved with transactions in which he or she, or an immediate family member, has a material financial interest. When a relative of a member of the board of directors contracts with the association, measures are taken to appropriately monitor transactions for the best interest of the association.

SUPPLEMENTARY SCHEDULES

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.

Supplementary Schedule of Operating Expenditures

Year Ended December 31, 2019

	Actual	Unaudited Budget	Unaudited Variance
Administrative/ Office	$ 5,920	$ 5,000	$ (920)
Audit	7,355	7,500	145
Insurance	14,331	14,000	(331)
Bank Charges	-	300	300
Professional Fees	9,982	8,000	(1,982)
Share of Common Expense			-
Taxes: Corporate and State Condo	1,425	1,700	275
Master Association Fees	90,732	89,746	(986)
Utilities:			
Electric	29,720	29,500	(220)
All Other	489	1,000	511
Cable	177,498	166,000	(11,498)
Water, Sewer & Trash	287,379	299,800	12,421
Building Repairs-Homeowners	9,252	5,000	(4,252)
Lawn Care Contract	102,800	110,000	7,200
R&M-Recreation Area	20,455	10,000	(10,455)
Gate Project	15,766	-	(15,766)
Clubhouse Janitorial Labor	9,442	9,000	(442)
Salaries and Payroll Costs	10,156	6,000	(4,156)
Operating Contingency	-	500	500
Uncollectable Provision	1,000	1,000	0
	$ 793,700	$ 764,046	$ (29,654)

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.

Supplementary Schedule of Changes in Homeowners' Fund Balances

Year Ended December 31, 2019

	Balance 12/31/18	Revenues & Assessments	Reductions & Expenditures	Balance 12/31/19
Restricted Reserve Fund:				
Home Painting	$ 29,150	$ 81,000	$ 119,150	$ (9,000)
Street Paving	7,300	1,000	8,300	-
MLB Paving	25,000	10,000	-	35,000
Walks	839	10,000	3,615	7,224
Roofs/Wood	(62,307)	245,000	182,693	-
Pool Remarcite	19,752	10,000	-	29,752
Sea Walls / Banks	6,949	1,000	-	7,949
Deferred Maintenance	89,337	250,000	339,257	80
Home Maintenance, Other	1,380	5,000	2,548	3,833
Recreation Area	(15,089)	10,000	(5,089)	-
Sewer System	19,329	5,000	-	24,329
Water System	20,855	5,000	2,932	22,923
Sprinklers / Irrigation	(3,450)	15,000	11,550	-
Storm Drain System	64,626	10,000	3,556	71,069
Interest	1,849	258	-	2,107
Capitalized Disbursements	-			-
Restricted Reserve Fund Balance	205,520	658,258	668,512	195,267
Operating Fund	250,083	780,359	797,505	232,937
TOTAL	$ 455,603	$ 1,438,617	$ 1,466,017	$ 428,204

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.
Supplementary Information of Future Major Repairs & Replacements (Unaudited)
Year Ended December 31, 2019

The Board of Directors has conducted a study in 2019 to estimate the remaining useful lives and 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. Estimated current replacement costs have not been revised since that date. Estimated current replacement costs do not take into account the effects of inflation for the years between the date of the study and the dates that the components will require repair or replacement. Actual future costs may vary from the estimates and the variations may be material.

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

Component	Estimated Remaining Useful Life (Yrs)	Estimated Current Replacement Cost	Restricted Reserve Fund - 12/31/19
Home Painting	5	$ 688,000	(9,000)
Street Paving	18	300,000	-
MLB Paving	8	300,000	35,000
Curbing Plan	23	1,200,000	0
Walks	23	1,200,000	7,224
Roofs/Wood	15	6,820,000	-
Pool Remarcite	0	35,000	29,752
Sea Walls / Banks	23	4,786,000	7,949
Deferred Maintenance	N/A	0	80
Home Maintenance, Other	3	175,000	3,833
Recreation Area	23	1,100,000	-
Sewer System	23	2,650,000	24,329
Water System	23	1,100,000	22,923
Sprinklers / Irrigation	0	0	-
Storm Drain System	23	1,978,000	71,069
TOTALS		$ 22,332,000	$ 193,159