

Mainlands of Tamarac by the Gulf Unit 1 Association, Inc.
Financial Statements
December 31, 2020

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, 2020 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 our 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.

Independent Auditor's Report – Continued

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, 2020, 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, 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.

Fox Sherwin & Company, LLC

Fox, Sherwin & Company, LLC

St. Petersburg, Florida

May 15, 2021

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

December 31, 2020

ASSETS	Funds		
	<u>Operating</u>	<u>Restricted Reserves</u>	<u>Total</u>
Cash, including interest-bearing deposits	\$ 108,255	\$ 385,943	\$ 494,198
Maintenance & other fees receivable	6,389		6,389
Allowance for Bad Debts	(5,718)		(5,718)
Due from Master Association	2,029		2,029
Prepaid expenses & deposits	20,803		20,803
Equity in Master Association	2,962		2,962
Property and equipment, net of accum. depreciation	8,943		8,943
Land	162,000		162,000
TOTAL ASSETS	<u>\$ 305,663</u>	<u>\$ 385,943</u>	<u>\$ 691,606</u>
LIABILITIES AND HOMEOWNER'S FUND BALANCE			
Accounts payable - vendors	\$ 122		\$ 122
Maintenance fees collected in advance	18,611		18,611
Unearned Cable Rebate	40,920		40,920
Income tax payable			-
TOTAL LIABILITIES	<u>59,654</u>	<u>-</u>	<u>59,654</u>
TOTAL FUND BALANCE	<u>246,009</u>	<u>385,943</u>	<u>631,952</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 305,663</u>	<u>\$ 385,943</u>	<u>\$ 691,606</u>

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc,
Statement of Revenues, Expenses and Homeowners' Fund Balance
Year Ended December 31, 2020

	Funds		
	Operating	Restricted Reserves	Total
REVENUES			
Homeowner assessments	\$ 802,614	\$ 660,849	\$ 1,463,463
Interest	290	176	465
Bad debt recoveries	1,188		1,188
Other	13,240		13,240
TOTAL REVENUES	<u>817,332</u>	<u>661,025</u>	<u>1,478,356</u>
EXPENSES			
General operating	801,078		801,078
Reserves		470,347	470,347
Income tax	1,298		1,298
Depreciation expense	1,884		1,884
TOTAL EXPENSES	<u>804,260</u>	<u>470,347</u>	<u>1,274,607</u>
EXCESSOF REVENUES OVER EXPENSES	13,072	190,678	203,749
TRANSFERS			-
FUND BALANCE:			
BEGINNING OF YEAR	232,937	195,266	428,203
END OF YEAR	<u>\$ 246,009</u>	<u>\$ 385,944</u>	<u>\$ 631,952</u>

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

Statement of Cash Flows

Year Ended December 31, 2020

	Funds		
	<u>Operating</u>	<u>Restricted Reserves</u>	<u>Total</u>
OPERATING ACTIVITIES			
Cash Inflow:			
Assessments	\$ 805,718	\$ 660,849	\$ 1,466,567
Interest	290	176	465
Other Activities	14,428		14,428
Rounding on statement	2	(2)	-
	<u>820,438</u>	<u>661,023</u>	<u>1,481,460</u>
Cash Outflows:			
Assessment Activity	814,729	470,347	1,285,076
Income Taxes	1,534		1,534
	<u>816,263</u>	<u>470,347</u>	<u>1,286,610</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,175	190,676	194,850
CASH AT BEGINNING OF YEAR	<u>104,080</u>	<u>195,267</u>	<u>299,347</u>
CASH AT END OF YEAR	<u>\$ 108,255</u>	<u>\$ 385,943</u>	<u>\$ 494,197</u>

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, 2020

	Funds		
	Operating	Restricted Reserves	Total
Excess (Deficit) of Revenue over Expenses, Accrual Basis	\$ 13,072	\$ 190,678	\$ 203,750
(Increase) Decrease in receivables	723		723
(Increase) Decrease in prepaid expense	(3,134)		(3,134)
(Increase) Decrease in Due from Master Association	(216)		(216)
Increase (Decrease) in allowance for bad debt	2,982		2,982
Increase (Decrease) in due to Master Association	-		-
Increase (Decrease) in accounts payable	(37)		(37)
Increase (Decrease) in prepaid fees	2,381		2,381
Increase (Decrease) in Income tax payable	(236)		(236)
Increase (Decrease) in cable rebate	(13,640)		(13,640)
Non-Cash depreciation, operations	1,884		1,884
Non-Cash depreciation, Master Association	394		394
Rounding on statement	2	(2)	-
	<u>\$ 4,175</u>	<u>\$ 190,676</u>	<u>\$ 194,850</u>

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

Notes to Financial Statements

December 31, 2020

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. The Association is 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%.

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

Notes to Financial Statements

December 31, 2020

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.

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.
Notes to Financial Statements
December 31, 2020

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 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 2020 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 2020 which resulted in a \$5,718 provision for uncollectable receivables. The total unpaid maintenance and other fees is \$6,389 at December 31, 2020. 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 2018.

Note E – Property and Equipment

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

Clubhouse	\$ 243,000
Equipment	<u>154,118</u>
	397,118
Less accumulated depreciation	<u>388,175</u>
	<u>\$ 8,943</u>

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.
Notes to Financial Statements
December 31, 2020

Note F – Subsequent Events

Subsequent events were evaluated through April 30, 2021, 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, 2020

	<u>Actual</u>	<u>Unaudited Budget</u>	<u>Unaudited Variance</u>
Administrative/ Office	\$ 6,246	\$ 6,441	\$ 194
Audit	7,692	7,500	(192)
Insurance	18,299	15,000	(3,299)
Professional Fees	10,801	8,000	(2,801)
Share of Common Expense			-
Taxes: Corporate and State Condo	1,550	1,700	150
Master Association Fees	89,515	91,149	1,635
Utilities:			
Electric	28,470	35,000	6,530
All Other	480	500	20
Cable	186,812	197,000	10,188
Water, Sewer & Trash	294,542	286,000	(8,542)
Building Repairs-Homeowners	8,800	6,720	(2,080)
Lawn Care Contract	102,305	103,503	1,198
R&M-Recreation Area	25,447	14,000	(11,447)
Gate Project	102	-	(102)
Clubhouse Janitorial Labor	3,899	15,000	11,101
Salaries and Payroll Costs	13,119	8,500	(4,619)
Operating Contingency	-	1,000	1,000
Uncollectable Provision	3,000	3,000	-
	<u>\$ 801,078</u>	<u>\$ 800,013</u>	<u>\$ (1,065)</u>

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.
Supplementary Schedule of Changes in Homeowners' Fund Balances
Year Ended December 31, 2020

	Balance 12/31/19	Revenues & Assessments	Reductions & Expenditures	Transfers & Adjustments	Balance 12/31/20
<u>Restricted Reserve Fund:</u>					
Home Painting	\$ (9,000)	\$ 88,550	\$ 73,159		\$ 6,391
Street Paving	-	3,000	3,098	3,350	3,252
MLB Paving	35,000	20,000	-	(14,753)	40,247
Walks	7,224	30,000	18,883		18,341
Roofs/Wood	-	400,000	296,011		103,989
Pool Remarcite	29,752	299	-		30,051
Sea Walls / Banks	7,949	2,000	-		9,949
Deferred Maintenance	80	-	580	11,403	10,903
Home Maintenance, Other	3,833	2,000	3,855		1,978
Recreation Area	-	30,000	17,465		12,535
Sewer System	24,329	25,000	845		48,484
Water System	22,923	20,000	7,979		34,945
Sprinklers / Irrigation	-	30,000	29,960		40
Storm Drain System	71,069	10,000	18,513		62,556
Interest	2,107	176	-		2,283
Rounding	-		(1)		(1)
Restricted Reserve Fund Balance	195,267	661,025	470,346	-	385,943
Operating Fund	232,937	817,332	804,260	-	246,009
TOTAL	\$ 428,204	\$ 1,478,356	\$ 1,274,606	\$ -	\$ 631,952

Mainlands of Tamarac by the Gulf Unit No. 1 Association, Inc.
Supplementary Information of Future Major Repairs & Replacements (Unaudited)
Year Ended December 31, 2020

The Board of Directors has conducted a study in 2020 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.

<u>Component</u>	<u>Estimated Remaining Useful Life (Yrs)</u>	<u>Estimated Current Replacement Cost</u>	<u>Restricted Reserve Fund - 12/31/20</u>
Home Painting	4	\$ 393,855	6,391
Street Paving	17	325,000	3,252
MLB Paving	8	450,000	40,246
Walks	22	1,500,000	18,341
Roofs/Wood	14	7,000,000	103,989
Pool Remarcite	15	35,000	30,051
Sea Walls / Banks	22	5,000,000	9,949
Deferred Maintenance	N/A	0	10,903
Home Maintenance, Other	2	250,000	1,978
Recreation Area	22	1,500,000	12,535
Sewer System	22	4,000,000	48,484
Water System	22	1,500,000	34,945
Sprinklers / Irrigation	10	2,000,000	40
Storm Drain System	22	2,000,000	62,556
TOTALS		\$ 25,953,855	\$ 383,660