

MAINLANDS OF TAMARAC BY THE GULF,
UNIT NO. FOUR, ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc.
Pinellas Park, Florida

Opinion

We have audited the accompanying financial statements of Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

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. Four, Association, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing a audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

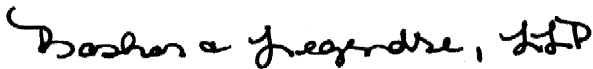
To the Board of Directors
Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in replacement fund, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 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.



BASHOR & LEGENDRE, LLP
Certified Public Accountants
Tampa, Florida

September 23, 2022

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

BALANCE SHEET

AS OF DECEMBER 31, 2021

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 189,631	\$ 1,501,892	\$ 1,691,523
Assessments receivable-net	307	-	307
Prepaid expenses	21,359	-	21,359
Deposits	4,413	-	4,413
Property & equipment -net	<u>179,081</u>	<u>-</u>	<u>179,081</u>
Total Assets	<u>\$ 394,791</u>	<u>\$ 1,501,892</u>	<u>\$ 1,896,683</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable	\$ 29,701	\$ 157	\$ 29,858
Prepaid assessments	26,604	-	26,604
Deferred cable income	25,120	-	25,120
Security deposits	2,000	-	2,000
Contract liabilities (Assessments in advance-replacement fund)	<u>-</u>	<u>1,501,735</u>	<u>1,501,735</u>
Total Liabilities	83,425	1,501,892	1,585,317
Fund Balances	<u>311,366</u>	<u>-</u>	<u>311,366</u>
Total Liabilities and Fund Balances	<u>\$ 394,791</u>	<u>\$ 1,501,892</u>	<u>\$ 1,896,683</u>

The accompanying notes are an integral part of these financial statements.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>			
Regular assessments	\$ 731,827	\$ 636,888	\$ 1,368,715
Other income	12,291	-	12,291
Interest income	132	6,168	6,300
Total Revenues	<u>744,250</u>	<u>643,056</u>	<u>1,387,306</u>
<u>EXPENSES</u>			
Cable	180,495	-	180,495
Depreciation	13,857	-	13,857
General and administrative	18,656	-	18,656
Insurance	17,120	-	17,120
Master association dues	86,922	-	86,922
Repairs and maintenance	155,849	-	155,849
Salaries	19,049	-	19,049
Taxes	437	-	437
Utilities	344,179	-	344,179
Replacement expenses	-	645,957	645,957
Total Expenses	<u>836,564</u>	<u>645,957</u>	<u>1,482,521</u>
<u>EXCESS/(DEFICIT) OF REVENUES OVER EXPENSES</u>	(92,314)	(2,901)	(95,215)
<u>BEGINNING FUND BALANCES-As restated</u>	<u>403,680</u>	<u>2,901</u>	<u>406,581</u>
<u>ENDING FUND BALANCES</u>	<u>\$ 311,366</u>	<u>\$ -</u>	<u>\$ 311,366</u>

The accompanying notes are an integral part of these financial statements.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>OPERATING</u> <u>FUND</u>	<u>REPLACEMENT</u> <u>FUND</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING</u> <u>ACTIVITIES</u>			
Excess/(Deficit) of Revenues over Expenses	\$ (92,314)	\$ (2,901)	\$ (95,215)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash from operating activities:			
Depreciation	13,857	-	13,857
(Increase) Decrease in:			
Assessments receivable	(307)	-	(307)
Other receivables	4,732	-	4,732
Prepaid expenses	(5,560)	-	(5,560)
Increase (Decrease) in:			
Accounts payable	29,169	134	29,303
Taxes payable	(55)	-	(55)
Deferred cable income	(12,560)	-	(12,560)
Prepaid assessments	79	-	79
Contract liabilities (Assessments in advance-replacement fund)	-	98,910	98,910
<u>NET INCREASE/(DECREASE) IN</u> <u>CASH AND CASH EQUIVALENTS</u>	<u>(62,959)</u>	<u>96,143</u>	<u>33,184</u>
<u>CASH AND CASH EQUIVALENTS</u> <u>AT BEGINNING OF YEAR</u>	<u>252,590</u>	<u>1,405,749</u>	<u>1,658,339</u>
<u>CASH AND CASH EQUIVALENTS</u> <u>AT END OF YEAR</u>	<u>\$ 189,631</u>	<u>\$ 1,501,892</u>	<u>\$ 1,691,523</u>

The accompanying notes are an integral part of these financial statements.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for taxes	<u>\$ 5,275</u>
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The accompanying notes are an integral part of these financial statements.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - NATURE OF ORGANIZATION

Description of Business

Mainlands of Tamarac by the Gulf, Unit No. Four, Association, Inc. (“Association”) was incorporated on March 20, 1974, as a corporation, not-for-profit, under the terms and provisions of Chapter 617, Florida Statutes. The Association, which operates under Florida Statute 718, is responsible for the operation and maintenance of the common property within the development. The development consists of 314 residential units located in Pinellas Park, Florida.

NOTE 2 - DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 23, 2022, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association’s governing documents provide certain guidelines for carrying out 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.

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Interest Earned

The Association's policy is to allocate interest earned to the operating and replacement fund in proportion to the interest-bearing deposits of each fund.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of Assets and Depreciation Policy

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association recognizes personal property assets at cost. The property is depreciated over its estimated useful life using the accelerated method of depreciation.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transactions amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on 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.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are seriously delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2021, the Association had net assessments receivable of \$307. It is the opinion of the Board that an allowance for doubtful accounts of \$471 is necessary at December 31, 2021 to cover anticipated losses from doubtful accounts.

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 the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$0 and \$307, respectively.

Fair Value of Financial Instruments

The Association's financial instruments consist primarily of cash and cash equivalents, assessments receivable, deposits, accounts payable, security deposits, and contract liabilities. The carrying amounts of such financial instruments approximate their respective estimated fair values due to the short-term maturities and approximate market interest rates of these instruments. The estimated fair values are not necessarily indicative of the amounts the Association would realize in a current market exchange or from future earnings or cash flows.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$1,402,825 and \$1,501,735, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

The Association had the following property and equipment at December 31, 2021:

Land	\$	77,500
Clubhouse		373,083
Equipment		96,542
Furniture and improvements		260,680
		<u>807,805</u>
Less: Accumulated depreciation		(628,725)
	\$	<u>179,080</u>

Total depreciation expense amounted to \$13,857 for the year ended December 31, 2021.

NOTE 5 - DEFERRED CABLE INCOME

During 2018, the Association entered into an agreement with a cable provider. The Association received \$62,800 as consideration for entering this contract. The income is being recognized over the life of the five (5) year contract. The Association recognized the cable compensation of approximately \$12,560 as a reduction of cable expense in the current year with the remaining \$25,120 recorded as deferred cable income on the balance sheet.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents provide certain guidelines for governing its financial activities. The Association maintains an operating fund available for general operations and a replacement fund designated for future major repair and replacements. Replacement funds are held in separate bank accounts and generally are not available for expenditures for normal operations.

During the last quarter of the year the Board, in conjunction with management and vendors, estimated the remaining useful lives and the replacement costs of the components of common property. At this time the Board has not conducted an independent formal study of all the common property components which results may differ. The table included in the supplementary information on Future Major Repairs and Replacements is based on the informal study.

The funding requirements were included in the proposed budget for 2022 which was discussed at a special membership meeting during 2021. At that meeting, the membership voted to partially fund the reserves. Accordingly, \$764,333 of the \$4,627,226 funding requirement has been included in the next year's budget. For that reason, and because actual expenditures may vary from estimated future expenditures and the variations may be material, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. When funds are needed for those purposes, the Association has the right to increase the regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 7 - OWNERS' ASSESSMENTS

Monthly assessments to owners were approximately \$389 per unit, based on the number of units, for 2021. Of these amounts, approximately \$195 designated for the replacement fund.

The annual budget and assessments of owners are determined by the Board. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

NOTE 8 - INCOME TAXES

Condominium associations may elect to be taxed as regular corporations or as homeowners' associations. The Association elected to be taxed as a regular corporation for the year ended December 31, 2021. Under that election, the Association is generally taxed on its nonmember income, such as interest earnings. Member income, which consists primarily of membership assessments, is not taxable. As of December 31, 2021, the Association had prepaid taxes \$4,783, which were included in prepaid expenses in the financial statements.

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - INSURANCE DEDUCTIBLE

Although insurance coverage has been obtained for damage caused by windstorm, the deductible is typically three percent (3%) to five percent (5%) of the insured value for hurricane and wind. The Association is therefore responsible for losses up to this amount and has the right to increase its assessments, levy a special assessment, or delay repairs until such funds are available.

NOTE 10 - PRIOR PERIOD ADJUSTMENT

The reserve fund balance at December 31, 2020, has been restated to correct an error made in a prior year. In 2019, the Financial Accounting Standards Board (FASB) issued 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 in exchange for those goods or services. During 2020, the Association recognized reserve revenue as per the budget in conflict with ASC 606. The revenue previously recognized has been restated as a contract liability and will be recognized as revenue as the related expenses are incurred. Had the error not been made, the Association's reserve fund balance would have decreased by \$1,402,824, net of income tax of \$0.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Association maintains accounts with financial institutions. Accounts at each institution are insured subject to FDIC limits. At December 31, 2021, the Association's uninsured cash balances totaled approximately \$327,650.

SUPPLEMENTARY INFORMATION

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(unaudited)

The balances of the components of the replacement fund at December 31, 2021 are as follows:

<u>Components</u>	<u>Balance</u> <u>01/01/21</u>	<u>Additions</u> <u>to Fund</u>	<u>Charges</u> <u>to Fund</u>	<u>Balance</u> <u>12/31/21</u>
<u>Contract Liabilities</u>				
Pool Remarcite	\$ 43,000	\$ 4,501	\$ (36,533)	\$ 10,968
Sewer	99,606	9,500	(191)	108,915
Water system	15,082	9,500	(10,347)	14,235
Storm drains	98,384	3,500	-	101,884
Recreation center	107,460	25,300	(3,676)	129,084
Irrigation system	(16,661)	23,500	(6,839)	-
Painting	34,891	98,500	(100,656)	32,735
Streets	237,164	18,400	(120)	255,444
Gutters and walks	94,414	20,500	(15,589)	99,325
Roof repair and replace	458,517	495,000	(427,665)	525,852
Sea walls	41,538	3,999	-	45,537
House repair	(3,375)	23,600	(20,225)	-
Deferred maintenance	192,805	-	(15,049)	177,756
Total Contract	1,402,825	735,800	(636,890)	1,501,735
<u>Fund Balance</u>				
Interest	2,901	6,168	(9,069)	-
Total Contract and Fund Balance	<u>\$ 1,405,726</u>	<u>\$ 741,968</u>	<u>\$ (645,959)</u>	<u>\$ 1,501,735</u>

MAINLANDS OF TAMARAC BY THE GULF, UNIT NO. FOUR, ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(unaudited)

During the last quarter of the year the Board, in conjunction with management and vendors, estimated the remaining useful lives and the replacement costs of the components of common property. At this time the Board has not conducted an independent formal study of all the common property components, which results may differ. The informal study conducted may not be all inclusive. 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 and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

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

<u>Components</u>	<u>Estimated Lives</u>	<u>Estimated Remaining Lives</u>	<u>Estimated Current Replacement Costs</u>	<u>2022 Required Funding</u>	<u>2022 Proposed Budgeted Funding</u>
Pool Remarcite	10	9	\$ 41,200	\$ 3,359	\$ 3,359
Sewer	49	3	1,345,819	412,301	412,301
Water system	47	6	1,765,008	291,335	291,335
Storm drains	49	3	1,047,974	315,363	315,363
Recreation center	49	3	2,206,260	689,167	689,167
Irrigation system	24	3	1,378,913	463,088	463,088
Painting	9	7	689,456	95,592	95,592
House repair	30	10	157,000	16,185	16,185
Streets	29	7	249,385	-	-
Gutters and walks	49	3	1,478,951	459,442	459,442
Roof repair and replace	25	4	5,809,000	1,326,623	1,326,623
Sea walls	49	3	1,709,852	554,771	554,771
			<u>\$ 17,878,818</u>	<u>\$ 4,627,226</u>	<u>\$ 4,627,226</u>