

**MADEIRA AT ISLANDS AT DORAL
NEIGHBORHOOD ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CONTENTS

	Pages
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Revenues, Expenses, and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 to 7
SUPPLEMENTARY INFORMATION	
Supplementary Information on Future Major Repairs and Replacements	8



Shawn W. Tolley, CPA
Audra L. Hill, CPA

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Madeira at Islands at Doral Neighborhood Association, Inc.

We have reviewed the accompanying financial statements of Madeira at Islands at Doral Neighborhood Association, Inc., which comprise the balance sheet as of December 31, 2018, 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 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, we 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.

Accountants' 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.

Accountants' 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.

A handwritten signature in black ink that reads 'Tolley & Hill, PLLC'.

Miami, Florida
March 31, 2019

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2018

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
ASSETS			
Cash, including interest bearing deposits	\$ 262,603	\$ 371,885	634,488
Assessments receivable, net	17,462	-	17,462
Prepaid insurance	2,983	-	2,983
Due to/from other funds	<u>4,533</u>	<u>(4,533)</u>	<u>-</u>
TOTAL ASSETS	<u><u>287,581</u></u>	<u><u>367,352</u></u>	<u><u>654,933</u></u>
 LIABILITIES AND FUND BALANCES			
Accounts payable and accrued expenses	5,777	-	5,777
Unearned assessments	<u>6,322</u>	<u>-</u>	<u>6,322</u>
TOTAL LIABILITIES	12,099	-	12,099
 Fund balances	<u>275,482</u>	<u>367,352</u>	<u>642,834</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 287,581</u></u>	<u><u>\$ 367,352</u></u>	<u><u>\$ 654,933</u></u>

See accompanying notes and independent accountants' review report.

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Operating Fund	Reserve Fund	Total Funds
REVENUES			
Assessment fees	\$ 237,247	\$ 45,761	\$ 283,008
Assessment late fees and others	7,611	-	7,611
Interest income	1,074	1,059	2,133
	<u>245,932</u>	<u>46,820</u>	<u>292,752</u>
EXPENSES			
Alarm monitoring	33,624	-	33,624
Annual corporate report	61	-	61
Bank service charges	219	-	219
Insurance	8,333	-	8,333
Janitorial	4,800	-	4,800
Landscaping and irrigation	49,494	-	49,494
Legal and professional	9,257	-	9,257
Licenses and permits	125	-	125
Management fees	18,144	-	18,144
Miscellaneous and other	475	-	475
Pest control	4,639	-	4,639
Postage and printing	3,579	-	3,579
Repairs and maintenance	24,150	4,533	28,683
Security	30,379	-	30,379
Utilities	3,101	-	3,101
	<u>190,380</u>	<u>4,533</u>	<u>194,913</u>
EXCESS OF REVENUES OVER EXPENSES	<u>55,552</u>	<u>42,287</u>	<u>97,839</u>
FUND BALANCES - BEGINNING OF YEAR	215,706	325,065	540,771
Capital contribution	4,224	-	4,224
FUND BALANCES - END OF YEAR	\$ <u>275,482</u>	\$ <u>367,352</u>	\$ <u>642,834</u>

See accompanying notes and independent accountants' review report.

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total Funds</u>
CASH FLOWS FROM			
OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 55,552	\$ 42,287	\$ 97,839
Adjustments to reconcile excess of revenues over expenses to net cash flows			
Depreciation	-	-	-
from operating activities:			
(Increase) decrease in:			
Assessments receivable	(6,464)	-	(6,464)
Prepaid insurance	428	-	428
Due from other funds	(8,012)	8,012	-
Increase (decrease) in:			
Accounts payable and accrued expenses	(5,425)	-	(5,425)
Unearned assessments	(919)	-	(919)
NET CASH PROVIDED BY			
OPERATING ACTIVITIES	<u>35,160</u>	<u>50,299</u>	<u>85,459</u>
 NET INCREASE IN CASH	 35,160	 50,299	 85,459
 CASH AT BEGINNING OF PERIOD	 223,219	 321,586	 544,805
 Capital contribution	 4,224	 -	 4,224
 CASH AT END OF PERIOD	 <u><u>\$ 262,603</u></u>	 <u><u>\$ 371,885</u></u>	 <u><u>\$ 634,488</u></u>

See accompanying notes and independent accountants' review report.

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - ORGANIZATION

The Association was incorporated on November 18, 2004, in the State of Florida as a not-for-profit corporation for the purpose of providing ownership, operation, maintenance and preservation of the Common Areas pursuant to Chapter 720 of the Florida Statutes and the provisions of the Declaration of Covenants and Restrictions. The community consists of 134 units located in Doral, Florida. Association property consists of land, a clubhouse and a pool. The Association is also in charge of the front and sides of homes and fencing around property.

NOTE 2 - USE OF 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 these estimates.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and management. Disbursements from the Replacement Fund generally may be made only for designated purposes by the Board of Directors. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose under the accrual basis of accounting:

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 repairs and replacements.

The Association prepares its financial statements on the accrual basis of accounting and in accordance with "CIRA – Common Interest Realty Association's Topic of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC).

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, the Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Prepaid Expenses

Prepaid expenses consist of unexpired insurance.

Property and Equipment

The Association follows industry practice, as contained in the "Real Estate – Common Interest Realty Association Topics of the FASB ASC" in accounting for the common property of the Association. Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association. The Association recognizes real property not directly associated with the units as assets when the Association has title and can dispose of the property, at the discretion of its Board of Directors, for cash, with the Association retaining the proceeds. The Association capitalizes personal property at cost and depreciates it using the straight-lined method.

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Earned

The Board's policy is to allocate interest income to the Operating and Replacement Funds based upon the original source of the funds. Interest income derives from cash accounts maintained at Florida financial institutions.

Unearned revenue

The Association records all member assessments paid in advance as unearned revenue. When this unearned revenue is realizable, the association reclassifies these fees as revenue on the year earned.

Income Taxes

The Association is classified as a non-exempt organization for both federal and state income tax purposes for the year ended December 31, 2018. The Association is subject to specific rulings and regulations applicable to non-exempt membership organizations. The Association will file its income tax return as a regular corporation under Section 528 of the Internal Revenue Code and does not project to incur a federal or state income tax liability for the year ended December 31, 2018. The Association's investment income and other non-exempt income net of certain expenses should result in no taxable income.

The Association's tax filings are subject to audit by taxing authorities. The FASB has issued guidance on accounting for uncertainty in income taxes and the Association adopted this guidance. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Concentration of credit risk

Concentration of credit risk with respect to the assessments receivable relate to billings to unit owners who pay monthly assessments and live within the complex. The Association does not anticipate any credit losses for the year then ended.

Revenue Recognition

Assessment revenue is recorded monthly in the amount of the assessment allocation specified for the current period operations, based on the annual budget adopted by the Board of Directors. Each unit owner is an Association member and an equal portion of the assessment assessed for each unit.

NOTE 4 - ALLOWANCES FOR DOUBTFUL ACCOUNTS

The Board of Directors has agreed to maintain allowances for doubtful balance as of December 31, 2018 at \$20,083.

The Association uses the concept of conservatism in accounting which is a policy of anticipating possible future losses but not future gains. This policy tends to understate rather than overstate net assets, and therefore lead the organization to "play safe". In accounting, it states that when choosing between two solutions, the one that will be least likely to overstate assets should be selected.

NOTE 5 - UNINSURED CASH BALANCES

The Association maintains its cash balance at a financial institution located in South Florida. The account is insured up to \$250,000. The Association did not have any uninsured cash balances at December 31, 2018.

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 6 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

An independent study to determine the estimated remaining useful lives and the replacement costs of the components of common property has not been performed.

	<u>Beginning of Period</u>	<u>Additions to Fund</u>	<u>Expenditures</u>	<u>End of Period</u>
Clubhouse roof	\$ 17,906	\$ 2,762	\$ -	\$ 20,668
Clubhouse painting	33,776	-	-	33,776
Exterior painting	49,706	33,824	-	83,530
Pool resurfacing	4,180	625	-	4,805
Pool equipment	1,150	283	-	1,433
Pool furniture	7,198	1,200	(4,533)	3,865
Pool deck resurfacing	4,180	409	-	4,589
Roof replacement	156,740	-	-	156,740
Street pavement replacement	47,207	6,658	-	53,865
Reserves interest	<u>3,022</u>	<u>1,059</u>	<u>-</u>	<u>4,081</u>
Total	\$ <u>325,065</u>	\$ <u>46,820</u>	\$ <u>(4,533)</u>	\$ <u>367,352</u>

The Association's governing documents allow for funds to be accumulated for future repairs and replacements. The Association's board of directors voted to fund for certain major repairs and replacements for the period January 1, 2018 through December 31, 2018.

NOTE 7 - COMMITMENTS, CONTRACTS AND OTHER MATTERS

The Association is committed with contracts for services for the year ended December 31, 2018, as follows:

	<u>Monthly Expense</u>	<u>Contract Expires</u>
Kendall Star Property Services, Inc.	\$ 600	2019
Unique Landscaping Solutions, Inc.	\$ 3,000	2019
Gables Professional Management Co	\$ 1,512	2019
McGrath Property Services	\$ 420	2019
Eagle Glove Protective Services	\$ 2,336	2019

The Association also entered into a contract with ADT for 24-hour monitoring service for all burglar alarm systems in the property. The price for this service is \$2,802 per month for all homes that are connected to the central monitoring station.

NOTE 8 - SUBSEQUENT EVENTS

Management has assessed subsequent events through March 31, 2019, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MADEIRA AT ISLANDS AT DORAL NEIGHBORHOOD ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS (COMPILED)
DECEMBER 31, 2018

An internal study was conducted by the board of directors to estimate useful lives and the 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. Funds are being accumulated based on estimated future (or current) costs and actual expenditures may vary from those estimates and the variations may be material. Estimated current replacement costs have not been revised since last internal study 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 information is based on the internal study and presents significant information about the components of common property.

COMPONENTS	TOTAL ESTIMATED USEFUL LIFE (YRS)	ESTIMATED CURRENT REPLACEMENT COST	REPLACEMENT FUND BALANCE AT 12/31/2018
Clubhouse roof	8	\$ 40,000	\$ 20,668
Exterior painting	6	160,000	117,306
Pool resurfacing	2	5,000	4,805
Pool equipment	2	2,000	1,433
Pool furniture	0	6,000	3,865
Pool deck resurfacing	2	5,000	4,589
Roof replacement	14	500,000	156,740
Street pavement replacement	11	120,000	53,865
TOTALS	\$	838,000	\$ 363,271
		Reserve Interest	4,081
		Total Reserves	367,352