

**ATLANTIC GARDENS
OWNERS ASSOCIATION, INC.**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

June 30, 2021

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Atlantic Gardens Owners Association, Inc.
Cape Canaveral, Florida

We have reviewed the accompanying financial statements of Atlantic Gardens Owners Association, Inc., which comprise the balance sheet as of June 30, 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. 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, which 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 in order 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:

Report on Supplementary Information

The schedule of operating fund revenues and expenses – budget and actual 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 (except for the budget information, which was compiled without audit or review from information that is the representation of management, on which we do not express an opinion or any other form of assurance) has been subjected to the review procedures applied in the review 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.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page nine 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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have not audited or reviewed the required supplementary information, and accordingly, do not express an opinion, conclusion, nor provide any assurance on it.

Taylor & Lockard, PA

Certified Public Accountants

Cocoa Beach, Florida

November 16, 2021

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

BALANCE SHEET

June 30, 2021

ASSETS

	Operating Fund	Replacement Fund	Total
Current Assets			
Cash and cash equivalents, including interest bearing deposits	\$ 27,862	\$ 38,534	\$ 66,396
Certificates of deposit	-	406,582	406,582
Prepaid insurance	50,788	-	50,788
Assessments receivable	<u>10,631</u>	<u>-</u>	<u>10,631</u>
Total Current Assets	<u>\$ 89,281</u>	<u>\$ 445,116</u>	<u>\$ 534,397</u>

LIABILITIES AND FUND BALANCES

	Operating Fund	Replacement Fund	Total
Current Liabilities			
Accounts payable	\$ 8,429	\$ -	\$ 8,429
Insurance note	40,364	-	40,364
Prepaid assessments	<u>25,197</u>	<u>-</u>	<u>25,197</u>
Total Current Liabilities	73,990	-	73,990
Fund Balances	<u>15,291</u>	<u>445,116</u>	<u>460,407</u>
Total Liabilities and Fund Balances	<u>\$ 89,281</u>	<u>\$ 445,116</u>	<u>\$ 534,397</u>

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

For the year ended June 30, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues			
Member assessments	\$ 402,000	\$ 30,000	\$ 432,000
Laundry income	10,097	-	10,097
Interest	-	3,995	3,995
Legal fees	2,305	-	2,305
Other income	429	-	429
	<hr/>	<hr/>	<hr/>
Total Revenues	414,831	33,995	448,826
Operating Expenses			
Water and sewer	119,159	-	119,159
Insurance	107,105	-	107,105
General repairs and maintenance	10,024	69,418	79,442
Payroll	46,699	-	46,699
Management fees	23,700	-	23,700
Utilities	23,118	-	23,118
Lawn care	20,059	-	20,059
Plumbing repairs	15,700	-	15,700
Pool maintenance	8,193	-	8,193
Pest control	4,048	-	4,048
Office supplies	3,164	-	3,164
Owner adjustments	3,017	-	3,017
Legal and accounting	3,000	-	3,000
Cable	2,245	-	2,245
Janitorial supplies	550	-	550
Contract repairs	438	-	438
Irrigation	436	-	436
Taxes and licenses	411	-	411
Other	201	-	201
Bank fees	-	5	5
	<hr/>	<hr/>	<hr/>
Total Expenses	391,267	69,423	460,690
Excess (Deficit) of Revenues Over Expenses	23,564	(35,428)	(11,864)
Fund Balances, Beginning of Year	(54,989)	527,260	472,271
Fund Balance Transfer	46,716	(46,716)	-
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Fund Balances, End of Year	\$ 15,291	\$ 445,116	\$ 460,407

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REVIEW REPORT.

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the year ended June 30, 2021

	<u>Operating</u>	<u>Replacement</u>	<u>Total</u>
	Fund	Fund	
Cash Flows From Operating Activities			
Excess (Deficit) of revenues over expenses	\$ 23,564	\$ (35,428)	\$ (11,864)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:			
Decrease in assets:			
Receivables	16,082	-	16,082
Prepaid insurance	10,615	-	10,615
Increase (Decrease) in liabilities:			
Accounts payable	6,534	-	6,534
Prepaid assessments	(1,714)	-	(1,714)
Insurance note	(15,710)	-	(15,710)
Net Cash Provided (Used) from Operating Activities	39,371	(35,428)	3,943
Cash Flows From Financing Activities			
Fund balance transfer	46,716	(46,716)	-
Interfund loan	(61,462)	61,462	-
Cash Flows From Financing Activities	(14,746)	14,746	-
Cash Flows From Investing Activities			
CD Interest	-	(3,995)	(3,995)
Net Increase (Decrease)	24,625	(24,677)	(52)
Cash and Cash Equivalents, Beginning of Year	3,237	63,211	66,448
Cash and Cash Equivalents, End of Year	<u>\$ 27,862</u>	<u>\$ 38,534</u>	<u>\$ 66,396</u>

ATLANTIC GARDENS OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – NATURE OF ORGANIZATION

Atlantic Gardens Owners Association, Inc. (the "Association") is a statutory condominium association that was incorporated in the State of Florida on February 11, 1980. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 160 residential units located in Cape Canaveral, Florida.

NOTE 2 – 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. 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.

Special assessments fund – This fund is used to accumulate financial resources designated for specific, Association-approved 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, if any, at the balance sheet date represents 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 the succeeding year.

Interest income - Interest income is specifically identified and associated with accounts maintained separately for the operating fund and replacement fund.

Cash and cash equivalents – Cash equivalents consist of short-term, highly liquid investments that are readily convertible into cash within ninety (90) days of purchase.

Income taxes – Condominium associations may be taxed either as condominium associations or as regular corporations. For the year ended June 30, 2021, the Association was taxed as a condominium association and filed Form 1120H.

Property and equipment – 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.

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE 2 – 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.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Association maintains its cash and cash equivalents in bank deposit accounts, which at times, may exceed federally insured limits of \$250,000. The Association had no uninsured funds on June 30, 2021.

NOTE 4 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. As of the balance sheet date, no formal study had been performed to determine the estimated remaining useful lives or the estimated current replacement cost of the components of common property, therefore the adequacy of the replacement fund cannot be estimated. When replacement funds are needed, the Association has the right to increase the monthly assessments, pass special assessments, or delay replacement until such funds are available. At June 30, 2021, the replacement fund balance was \$445,116.

NOTE 5 – REVENUE AND REVENUE RECOGNITION

The Association recognized revenue from homeowner assessments over the assessment period which is generally one year, during which time members have continuous access to the common area property, insurance coverage, and community events. Homeowners' assessments paid in advance are deferred to the assessment period to which they relate.

NOTE 6 – INCOME TAXES

The Association adopted the provisions of FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes* – An interpretation of FASB Statement 109, (formerly FASB issued Interpretation 48 – FIN 48). Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. As of June 30, 2021, the Association had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Association had no interest or penalties related to income taxes. The Association's income tax return forms 1120H for the periods ended June 30, 2018, 2019, and 2020 are subject to examination by the IRS.

NOTE 7 – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through November 16, 2021, the date that the financial statements became available for issue, and has determined that no material events occurred that require disclosure.

SUPPLEMENTARY INFORMATION

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

OPERATING FUND REVENUES AND EXPENSES BUDGET AND ACTUAL

For the year ended June 30, 2021

	Budget <u>Unaudited</u>	<u>Actual</u>	Variance <u>Unaudited</u>
Revenues			
Member assessments	\$ 402,000	\$ 402,000	\$ -
Laundry income	10,500	10,097	(403)
Other income	1,100	2,734	1,634
Total Revenues	413,600	414,831	1,231
Operating Expenses			
Water and sewer	120,000	119,159	841
Insurance	98,500	107,105	(8,605)
Payroll	36,000	46,699	(10,699)
Management fees	23,700	23,700	-
Utilities	23,200	23,118	82
Lawn care	23,804	20,059	3,745
Contract repairs	18,720	15,700	3,020
General repairs and maintenance	15,250	10,024	5,226
Plumbing repairs	9,500	8,193	1,307
Office supplies	4,776	4,048	728
Pool maintenance	7,000	3,164	3,836
Legal and accounting	6,500	3,017	3,483
Owner adjustments	19,000	3,000	16,000
Pest control	3,600	2,245	1,355
Cable	2,100	550	1,550
Janitorial supplies	800	438	362
Taxes and licenses	650	436	214
Irrigation	500	411	89
Other	-	201	(201)
Total Operating Expenses	413,600	391,267	22,333
Excess of Revenues Over Expenses	\$ -	\$ 23,564	\$ 23,564

SEE ACCOMPANYING NOTES AND SEE ACCOUNTANTS' REVIEW REPORT.

ATLANTIC GARDENS OWNERS ASSOCIATION, INC.

FUTURE MAJOR REPAIRS AND REPLACEMENTS (COMPILED)

June 30, 2021

Activity in specific reserve accounts as set out by the budget is as follows:

	Balance 7/1/20	Assessments	Interest	Expenses	Transfers	Balance 6/30/21
Roof	\$ 371,110	\$ 1,499	\$ -	\$ - 23,928	\$ (46,716)	\$ 301,965
Paint	54,055	240	-	12,440	-	41,855
Pavement	43,903	-	-	5,500	-	38,403
Pool	29,850	1,287	-	-	-	31,137
Interest	11,254	-	3,995	5	-	15,244
Deferred maintenance	17,088	26,974	-	27,550	-	16,512
	<u>\$ 527,260</u>	<u>\$ 30,000</u>	<u>\$ 3,995</u>	<u>\$ 69,423</u>	<u>\$ (46,716)</u>	<u>\$ 445,116</u>

Replacement costs are based on the estimated costs to repair or replace the common property components.

Components	Estimated Useful Life (Years)	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost
Paint	10	7	\$ 550,000
Roof	20	6	550,000
Pavement	50	7	1,650
Deferred maintenance	-	-	55,000
Pool	10	7	27,500
Total estimated replacement cost			<u>\$ 1,184,150</u>