

**Windrush Bay Condominium
Association, Inc.**

Audited Financial Statements

**For the Year Ending
December 31, 2020**



PAGE & COMPANY ■

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.
Tarpon Springs, Florida

**AUDITED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING
DECEMBER 31, 2020**

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.

Tarpon Springs, Florida

CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S AUDIT REPORT	1 - 2
<hr/>	
FINANCIAL STATEMENTS	3 - 5
<hr/>	
Balance Sheet	
Statement of Revenues and Expenses and Changes in Fund Balances	
Statement of Cash Flows	
NOTES TO FINANCIAL STATEMENTS	6 - 10
<hr/>	
SUPPLEMENTARY FINANCIAL INFORMATION	11 - 14
<hr/>	
Future Major Repairs and Replacements	
Schedule of General and Administrative Operating Expenses	
Actual to Budget Expense Comparison - Operating Fund	



Thomas Edward Page, III
Certified Public Accountant

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
Windrush Bay Condominium Association, Inc.
Tarpon Springs, Florida

We have audited the accompanying financial statements of Windrush Bay Condominium Association, Inc. (a not-for-profit condominium association incorporated in Florida) which is comprised of the balance sheet as of December 31, 2020, 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. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 representation 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Windrush Bay Condominium 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.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements, as discussed in the Notes, are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

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 of common property 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 historic 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 principally of inquiries of management regarding 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.

Report on Supplementary Information

The information included in the accompanying supplementary information on the Schedule of General and Administrative Expenses and Actual to Budget Expense Comparison are not a required part of the basic financial statements but are presented for the purposes of additional analysis. 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 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.

Page & Company

Safety Harbor, Florida

December 28, 2021

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.

Tarpon Springs, Florida

BALANCE SHEET
DECEMBER 31, 2020

	Operating Fund	Reserve Fund	Total
ASSETS			
CASH			
Cash and cash equivalents	\$ 139,611	\$ 572,648	\$ 712,259
ACCOUNTS RECEIVABLE			
Owners' delinquent maintenance assessments - net of allowance for doubtful accounts of \$2,610	259	-	259
OTHER ASSETS			
Prepaid expenses	194,608	-	194,608
TOTAL ASSETS	\$ 334,478	\$ 572,648	\$ 907,126
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 12,566	\$ -	\$ 12,566
Prepaid maintenance assessments	21,575	-	21,575
Insurance loan payable	187,817	-	187,817
Contingent liabilities (assessments received in advance - reserve fund)	-	542,648	542,648
Interfund (receivable)/payable	-	-	-
	221,958	542,648	764,606
FUND BALANCES	112,520	30,000	142,520
TOTAL LIABILITIES AND FUND BALANCES	\$ 334,478	\$ 572,648	\$ 907,126

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.

Tarpon Springs, Florida

**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Operating Fund	Reserve Fund	Total
REVENUES			
Regular assessments	\$ 641,054	\$ 639	\$ 641,693
Interest income	12	8,397	8,409
Late fees & other income	3,020	-	3,020
Total revenues	<u>644,086</u>	<u>9,036</u>	<u>653,122</u>
EXPENSES			
General & administrative operating expenses	586,242	-	586,242
Bad debt expense	-	-	-
Reserve expenses	-	9,036	9,036
Total expenses	<u>586,242</u>	<u>9,036</u>	<u>595,278</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES			
	57,844	-	57,844
INTERFUND TRANSFERS			
	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE			
	27,844	30,000	57,844
BEGINNING FUND BALANCES			
	<u>84,676</u>	<u>-</u>	<u>84,676</u>
ENDING FUND BALANCES			
	<u>\$ 112,520</u>	<u>\$ 30,000</u>	<u>\$ 142,520</u>

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.

Tarpon Springs, Florida

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Operating Fund	Reserve Fund	Total
CASH PROVIDED (USED) BY OPERATIONS			
Excess (deficit) of revenues			
over expenses	\$ 57,844	\$ -	\$ 57,844
Non-cash items affecting net income:			
Bad debt expense	-	-	-
Adjustment to reconcile excess of revenues over expenses			
to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments receivable	283	-	283
Prepaid expense	(18,556)	-	(18,556)
Increase (decrease) in:			
Accounts payable	(1,861)	-	(1,861)
Prepaid assessments	11,060	-	11,060
Insurance loan payable	18,507	-	18,507
Contingent liabilities (assessments received in advance - reserve fund)	-	91,836	91,836
TOTAL CASH PROVIDED (USED) BY OPERATIONS	67,277	91,836	159,113
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	(30,000)	30,000	-
NET INCREASE (DECREASE) IN CASH	37,277	121,836	159,113
TOTAL CASH, beginning of year	102,334	450,812	553,146
TOTAL CASH, end of year	\$ 139,611	\$ 572,648	\$ 712,259
Income taxes paid in 2020:	\$ -	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - NATURE OF ORGANIZATION

Windrush Bay Condominium Association, Inc. is a condominium association (a not-for-profit corporation) incorporated in the State of Florida on March 29, 1979. The Association is responsible for the operation and maintenance of the common property of the Windrush Bay Condominium. The Association consists of 139 units located in Tarpon Springs, Florida. Disposition of the common area elements requires consent of the members. All policy decisions, including the annual budget, are formulated by the Board of Directors. Major decisions are referred to the general membership before action is taken.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Association's significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting. Income is thereby recognized in the period in which the right to receive such income is established, not necessarily when it is received, and expenses are recognized in the period in which they are incurred, not necessarily when they are paid.

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.

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

Member Assessments

Association members are subject to annual assessments, payable monthly, to provide funds for the Association's operating and replacement reserve funds. The annual assessments are determined by the Board of Directors. Assessments receivable at the balance sheet date represent fees due from unit owners. The excess of assessments over expenses of operations at year end, if any, is retained by the Association for use in next year. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are significantly delinquent. Interest is charged on past due accounts in accordance with the Association's covenants. For 2020, it was the opinion of the board of directors that an allowance for uncollectible accounts of \$2,610 was deemed necessary.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2020, the Association's cash balances with one bank exceeded the \$250,000 FDIC limit by approximately \$65,000. The Association places its cash with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the value of such assets and liabilities.

Property and Equipment

Real property and common areas acquired from the Developer, and related improvements to such property, are owned directly by the individual unit owners in common and not by the Association. Accordingly, these properties have not been capitalized on the accompanying financial statements. Capital expenditures are charged to the designated funds.

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 those estimates.

Concentration of Credit Risk

The Association's primary source of income is assessments paid by owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are significantly delinquent. Interest is charged on past due accounts in accordance with the Association's covenants. Should the collection of such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens which have priority. Market value may be influenced by the real estate market in Tarpon Springs, Florida.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the report date, which is the date the financial statements were available to be issued.

Contract Liabilities (Assessments Received in Advance – Reserve Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – reserve 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.

NOTE 3 - INCOME TAXES

The Association filed its federal income tax return for 2020 as a homeowner's association under Section 528 of the Internal Revenue Code. Under Section 528, income from unit assessments is not taxable to the association and expenses related to providing the services required of the association are not deductible ("exempt function" income and expense). Generally, all other income not received by pro rata assessments of the association members net of any expenses directly related to the generation of such income is fully taxable to the extent such net income exceeds \$100 ("non-exempt function" income and expenses). Homeowner associations filing under Section 528 are exempt from State of Florida corporate income taxes. For the year ended December 31, 2020, the Association owed no federal income taxes.

An Association's income tax returns are subject to examination by the Internal Revenue Service for the period ending three years after the return is filed. As of December 31, 2020, tax returns for the calendar years of 2017 through 2019 remained subject to examination.

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.
Tarpon Springs, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new 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.

The Association has adopted the requirements of the new guidance using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2020. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the reserve fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2020:

Fund balance, as previously reported, at January 1, 2020	\$	535,488
Adjustment		(450,812)
Fund balance, as adjusted, at January 1, 2020	\$	<u>84,676</u>

The effect of the adoption is a decrease in 2020 assessments by \$91,836 and a recording of a contract liability (assessments received in advance - reserve fund) at December 31, 2020, of \$542,648. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2020 financial statements. Following are the line items from our balance sheet as of December 31, 2020, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance.

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Liabilities:</u>			
Contract liabilities (Assessments received in advance - reserve fund)	\$ -	\$ 542,648	\$ 542,648
Total Liabilities	221,958	542,648	764,606
<u>Fund Balance:</u>			
Ending fund balances	655,168	(542,648)	112,520

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statements of cash flows for the year ended December 31, 2020, that were affected, the amounts that would have been reported under the formal guidance, the effects of applying the new guidance, and the amounts reported under the new guidance.

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Revenue:</u>			
Regular assessments	\$ 833,762	\$ (91,836)	\$ 741,926
Excess of revenues over expenses	149,680	(91,836)	57,844
<u>Cash Flows:</u>			
Excess of revenues over expenses	149,680	(91,836)	57,844
Increase in contract liabilities (Assessments received in advance - reserve fund)	-	91,836	91,836

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.
Tarpon Springs, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - RESERVE FUND

Chapter 718.112(1)(f)2 of the Florida Statutes requires that the annual budget include reserves for capital expenditures and deferred maintenance unless the majority of the voting interests of the association, at a duly called meeting of the association at which a quorum is attained, vote to waive, in whole or in part, such reserve requirement.

Chapter 718.112(1)(f)3 further states that "reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests present at a duly called meeting of the association."

The board is funding for major repairs and replacements over the remaining useful lives of the components, based on estimates of future replacement costs, and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investments income may vary from estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available.

Current reserve activity is as follows:

Components	Beginning Balance	Amount Funded	Expenditures	Transfers	Ending Balance
Painting Reserves	\$ 59,798	\$ 22,181	\$ -	\$ -	\$ 81,979
Paving Reserves	50,834	8,397	-	-	59,231
Seal Coat Roads	25,042	-	-	-	25,042
Roof Reserves	264,215	52,000	-	30,000	346,215
Lift Stations Reserves	4,035	2,000	-	-	6,035
Tractor Reserves	1,298	1,200	-	-	2,498
Seawall Reserves	10	1,000	-	-	1,010
Flood Insurance Reserves	6,099	-	(4,000)	-	2,099
Facility Reserves	27,099	1,944	(2,268)	-	26,775
Pool Reserves	6,811	1,865	-	-	8,676
Sprinkler System Reserves	1,200	3,200	-	-	4,400
Audit Reserves	-	1,250	-	-	1,250
Unallocated Interest Reserve	4,371	5,835	(2,768)	-	7,438
Total	\$ 450,812	\$ 100,872	\$ (9,036)	\$ 30,000	\$ 572,648

30000 from ops to reserves

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 – WINDSTORM CONTINGENCY

The insurance policy for windstorm coverage includes a deductible amount for named storms at 3% of the insured value of the residential buildings. If such funds are needed, the Association has the right to assess its members or seek bank financing. The ultimate extent of any such loss in excess of the aforementioned maximum deductible cannot be determined.

NOTE 7 – COMMITMENTS

The Association has entered into various agreements with vendors to maintain the common elements. These agreements are of differing expiration dates and renewal terms. Generally, the agreements may be cancelled with a thirty to sixty day written notice by either party.

The Association has an agreement with Ameritech Realty, Inc. (the "Management Company") for administrative management services for which the Association paid \$16,680 in 2020. The on-site maintenance personnel are employees of a subsidiary of the Management Company, and the Association reimburses the Management Company on a bi-weekly basis for the salary of these employees, plus a labor burden of 36.90% for maintenance personnel, for which the Association paid \$34,081 in 2020. The agreement may be cancelled by the Association or the Management Company pursuant to the applicable provisions of the agreement.

SUPPLEMENTARY INFORMATION

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.
Tarpon Springs, Florida

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(Unaudited)

DECEMBER 31, 2020

The board of directors has estimated the remaining useful lives and the replacement costs of the components of the common property. The estimates were based on future estimated replacement costs.

The following table is based on these estimated values, and presents significant information about the components of the common property.

Components	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	2021 Full Funding Requirement	2021 Budgeted Funding	Components of Fund Balance 12/31/2020
Painting Reserves	2 - 5	\$ 140,500	\$ 22,181	\$ 22,181	\$ 81,979
Paving Reserves	12	160,000	8,397	8,397	59,231
Seal Coat Roads	1	25,000	-	-	25,042
Roof Reserves	6	559,000	36,000	36,800	346,215
Lift Stations Reserves	2	8,000	983	2,000	6,035
Tractor Reserves	10	12,000	950	1,200	2,498
Seawall Reserves	49	50,000	1,000	1,000	1,010
Flood Insurance Reserves	1	-	-	-	2,099
Facility Reserves	5	41,000	3,398	2,000	26,775
Pool Reserves	5	18,000	1,865	1,865	8,676
Sprinkler System Reserves	9	10,000	622	3,200	4,400
Audit Reserves	3	5,000	1,250	1,250	1,250
Unallocated Interest Reserve	1	-	-	-	7,438
Total		<u>\$ 1,028,500</u>	<u>\$ 76,646</u>	<u>\$ 79,893</u>	<u>\$ 572,648</u>

A professional study to determine the adequacy of the current funding program for replacement and deferred maintenance of the Association's common areas was not conducted in 2020.

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.

Tarpon Springs, Florida

**SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF GENERAL & ADMINISTRATIVE OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

GENERAL & ADMINISTRATIVE OPERATING EXPENSES

Administrative Expense	\$	9,956
Permits & Licenses		636
Management Fees		16,680
Legal & Professional		350
Insurance Expense		285,691
Building/General Maintenance		53,207
Grounds Maintenance		56,546
Pool Maintenance		4,872
Utilities		124,223
Payroll Reimbursement Expense		<u>34,081</u>
TOTAL	\$	<u><u>586,242</u></u>

WINDRUSH BAY CONDOMINIUM ASSOCIATION, INC.

Tarpon Springs, Florida

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF ACTUAL TO BUDGETED EXPENSE COMPARISON - OPERATING FUND
(Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Actual</u>	<u>Budgeted</u>	<u>Over/(Under)</u>
INCOME			
Unit Maintenance Fees	\$ 641,054	\$ 641,054	\$ -
Interest income	12	-	12
Late fees & other income	3,020	1,520	1,500
TOTAL INCOME	<u>644,086</u>	<u>642,574</u>	<u>1,512</u>
EXPENSE			
Administrative Expense	9,956	10,300	(344)
Permits & Licenses	636	756	(120)
Management Fees	16,680	17,180	(500)
Legal & Professional	350	8,325	(7,975)
Insurance Expense	285,691	297,600	(11,909)
Building/General Maintenance	53,207	76,500	(23,293)
Grounds Maintenance	56,546	50,300	6,246
Pool Maintenance	4,872	6,500	(1,628)
Utilities	124,223	132,113	(7,890)
Payroll Reimbursement Expense	34,081	43,000	(8,919)
Bad Debt Expense	-	-	-
TOTAL EXPENSE	<u>586,242</u>	<u>642,574</u>	<u>(56,332)</u>
NET TOTAL	<u>\$ 57,844</u>	<u>\$ -</u>	<u>\$ 57,844</u>

