

**PARK AT WOLF BRANCH OAKS
HOMEOWNERS' ASSOCIATION, INC.
Financial Statements
December 31, 2019**

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Park at Wolf Branch Oaks Homeowners' Association, Inc.

Management is responsible for the accompanying financial statements of Park at Wolf Branch Oaks Homeowners' Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2019 and the related statements of revenues, expenses and changes in fund balance and statement of cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Required Supplementary Information

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Greenlee, Kurras, Rice & Brown P.A.
Certified Public Accountants

Mount Dora, Florida
March 18, 2020

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2019

	OPERATING FUND	RESERVE FUND	TOTAL
ASSETS			
Cash and cash equivalents	\$ 26,375	\$ 297,062	\$ 323,437
Accounts receivable	4,015	...	4,015
TOTAL ASSETS	<u>\$ 30,390</u>	<u>\$ 297,062</u>	<u>\$ 327,452</u>
LIABILITIES			
Accounts payable	\$ 5,043	\$...	\$ 5,043
Prepaid water system billing	448	...	448
Social events contribution	562	...	562
Landscaping contribution	87	...	87
Utility Deposits	1,725	...	1,725
Total Liabilities	<u>7,865</u>	<u>...</u>	<u>7,865</u>
FUND BALANCES			
Unrestricted fund balance	22,525	...	22,525
Reserve fund balances	...	297,062	297,062
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 30,390</u>	<u>\$ 297,062</u>	<u>\$ 327,452</u>

See accompanying notes and accountants' compilation report.

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED DECEMBER 31, 2019

	OPERATING FUND	RESERVE FUND	TOTAL
REVENUES			
Maintenance assessment	\$ 43,776	\$ 16,690	\$ 60,466
Late fees	170	...	170
Water billings	62,159	...	62,159
Interest income	...	688	688
Other income	2,904	...	2,904
Total Revenues	109,009	17,378	126,387
EXPENSES			
Grounds	56,219	...	56,219
Water plant	24,269	...	24,269
Legal fees	2,952	...	2,952
Outside lighting electricity	8,370	...	8,370
Insurance	4,755	...	4,755
Postage	397	...	397
Accounting fees	1,590	...	1,590
Other general administrative	4,866	...	4,866
Repairs	5,500	...	5,500
Total expenses	108,918	-	108,918
Excess of Revenues Over (Under) Expenses	91	17,378	17,469
Fund Balance - Beginning of year	22,434	279,684	302,118
Fund Balance - End of year	\$ 22,525	\$ 297,062	\$ 319,587

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	OPERATING FUND	RESERVE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over (under) expenses	\$ 91	\$ 17,378	\$ 17,469
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
(Increase) decrease in:			
Accounts receivable	9,866	...	9,866
Increase (decrease) in:			
Accounts payable	(737)	...	(737)
Income taxes payable	(107)	...	(107)
Social events contribution	(310)	-	(310)
Landscaping contribution	(733)	...	(733)
Utility deposits	1,725	...	1,725
Prepaid assessments	(595)	...	(595)
Net cash provided by (used by) operating activities	9,200	17,378	26,578
NET INCREASE (DECREASE) IN CASH	9,200	17,378	26,578
CASH AND CASH EQUIVALENTS - Beginning of year	17,175	279,684	296,859
CASH AND CASH EQUIVALENTS - End of year	\$ 26,375	\$ 297,062	\$ 323,437

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for income taxes = \$107

See accompanying notes and accountants' compilation report.

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.
SORRENTO, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Park at Wolf Branch Oaks Homeowners' Association, Inc. is a homeowners' association operating under Florida Statute Chapter 720. The Association operates as a not-for-profit corporation in the State of Florida. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 116 residential units located in Sorrento, Lake County, Florida.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenditures.

The Operating Fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations and the water plant billings. Expenditures from this fund are limited to those connected with daily operations.

The Reserve Fund is composed of capital assessments paid by unit owners to fund future replacements and major repairs. Interest earned on these reserve funds is apportioned to the Reserve Fund components based on their average balances.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Real and Common Area Property

Real and common area property acquired from the developer is not capitalized in the Association's financial statements as it is owned by the individual unit owners in common and not the Association. As a result, improvements made to the real property and common areas are not capitalized. These items are accounted for as expenditures from the Reserve Fund.

Member Assessments

Association members are subject to annual 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. Excess assessments at year end are retained by the Association for use in future years. It is the Association's policy to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent.

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

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.
SORRENTO, FLORIDA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated subsequent events for potential recognition and/or disclosure in the December 31, 2019 financial statements through March 18, 2020, the date that the financial statements were available to be issued.

2. INCOME TAXES

The Association is taxed only on nonexempt net income. For income tax purposes, the Association may elect annually to file a corporate federal income tax return (Form 1120) or a homeowners' association federal income tax return (Form 1120-H), whichever is more advantageous to the Association. The Association has elected to file a corporate Form 1120-H for the year ended December 31, 2019.

The Association follows the reporting and disclosure guidance for uncertainty in income taxes as defined in FASB ASC 740. The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statement when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of December 31, 2019, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. Generally, the Internal Revenue Service may review the returns for the past three years.

3. RESERVE FOR REPAIRS AND REPLACEMENTS

The Association funding for major repairs and replacements is based on a plan developed by the Board of Directors. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time. The following is a schedule of reserve funds for the year ended December 31, 2019.

	Balance 1/1/19	Assessments, interest, and transfers	Expenses	Balance 12/31/19
Fence	\$ 22,951	\$ 2,207	\$...	\$ 25,158
Landscaping	11,521	887	...	12,408
Irrigation well	10,860	818	...	11,678
Signs	10,798	2,139	...	12,937
Drainage	2,346	131	...	2,477
Gazebo/dock	9,152	909	...	10,061
Sidewalks	253	1,169	...	1,422
Water plant	211,803	9,118	...	220,921
	<u>\$ 279,684</u>	<u>\$ 17,378</u>	<u>\$...</u>	<u>\$ 297,062</u>

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4. CONCENTRATION OF CREDIT RISK

The Association maintains its cash balances at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. No balances were uninsured as of December 31, 2019.

5. RECEIVABLES

The Association is owed current customer water usage of \$4,015.