

TUSCANY COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tuscany Community Association

I have audited the accompanying balance sheet of Tuscany Community Association, Inc. as of December 31, 2015, and the related statement of income and expenses and changes in funds balance, and cash flows for the year then ended. These financial statements are the responsibility of the Association's Management Company and Board Members. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted this audit in accordance with auditing standards generally accepted in the United States of America. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management Company and Board Members, as well as, evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Tuscany Community Association, Inc. as of December 31, 2015, and the results of its operations and its cash flows in conformity with accounting principles generally accepted in the United States of America.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not to be part of the basic financial statements. I have compiled on note 6 the supplementary information from data that is the representation of the Management Company and Board Members of Tuscany Community Association, Inc., without audit or review.



Pedro J. Fernandez, C.P.A.

Miami, Florida

February 10, 2016

**TUSCANY COMMUNITY ASSOCIATION INC.
BALANCE SHEET
DECEMBER 31, 2015**

ASSETS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2015 Total</u>
Cash	\$ 228,942	\$ 102,307	\$ 331,249
Accounts Receivable	-0-	-0-	-0-
Prepaid Expenses (Principally Insurance)	11,973	-0-	11,973
Due from Replacement Fund	1,033	-0-	1,033
Utility Deposit	8,981	-0-	8,981
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Total Assets	\$ 250,929	\$ 102,307	\$ 353,236
	=====	=====	=====

LIABILITIES AND FUNDS BALANCE

Liabilities

Accounts Payable	\$ 27,628	\$ -0-	\$ 27,628
Due to Operating Fund	-0-	1,033	1,033
Security Deposits Payable	35,400	-0-	35,400
Insurance Loan Payable	9,627	-0-	9,627
	-----	-----	-----
Total Liabilities	\$ 72,655	\$ 1,033	\$ 73,688
Fund Balance	178,274	101,274	279,548
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Total Liabilities And Funds Balance	\$ 250,929	\$ 102,307	\$ 353,236
	=====	=====	=====

**READ INDEPENDENT AUDITOR'S REPORT
AND ACCOMPANYING NOTES**

**TUSCANY COMMUNITY ASSOCIATION INC.
STATEMENT OF ASSESSMENTS, REVENUES AND EXPENDITURES
AND CHANGES IN FUNDS BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2015 Total</u>
<u>ASSESSMENTS AND REVENUES</u>			
Assessments Income	\$ 543,802	\$ -0-	\$ 543,802
Replacement Assessments	-0-	12,398	12,398
Interest Income	66	143	209
Pool Rent Income	510	-0-	510
Gate Registration Income	8,491	-0-	8,491
Reimbursed Expenses	1,713	-0-	1,713
Fines Income	100	-0-	100
	-----	-----	-----
	554,682	12,541	567,223
<u>EXPENDITURES</u>			
Replacement Fund	-0-	12,541	12,541
Utilities	173,075	-0-	173,075
Contracted Services	201,226	-0-	201,226
Payroll Expenses	15,154	-0-	15,154
Maintenance & Repairs	126,013	-0-	126,013
Administrative Expenses	33,576	-0-	33,576
	-----	-----	-----
Total Expenditures	549,044	12,541	561,585
EXCESS OF ASSESSMENTS AND REVENUES OVER EXPENDITURES			
	5,638	-0-	5,638
TRANSFERS TO REPLACEMENT FUND			
	-0-	12,541	12,541
PRIOR PERIOD ADJUSTMENTS			
	(31,344)	-0-	(31,344)
FUNDS BALANCE – BEGINNING			
	203,980	88,733	292,713
	-----	-----	-----
FUNDS BALANCE – ENDING			
	\$ 178,274	\$ 101,274	\$ 279,548
	=====	=====	=====

**READ INDEPENDENT AUDITOR'S REPORT
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**TUSCANY COMMUNITY ASSOCIATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash Flows from Operating Activities

Net Income			\$ 5,638
<i>Changes in operating assets and liabilities:</i>			
Increase in accounts payable	\$	2,203	
Decrease in Assessments Receivable		7,958	
Decrease in Prepaid Expenses		1,971	
Increase in Replacement Fund		12,541	
Increase in Insurance Loan Payable	(3,132)	

Total Adjustments			21,541

NET CASH INCREASE IN OPERATING ACTIVITIES			27,179

Cash Used in Financing Activities

Security Deposits Increase		12,000	
Prior Period Adjustments	(31,344)	
Utility Deposit Decrease		2,506	

NET CASH USED IN FINANCING ACTIVITIES			(16,838)

NET INCREASE IN CASH			10,341
CASH – JANUARY 1, 2015			320,908

CASH – DECEMBER 31, 2015			\$ 331,249
			=====

**READ INDEPENDENT AUDITOR'S REPORT
AND ACCOMPANYING NOTES**

SUPPLEMENTAL INFORMATION

**TUSCANY COMMUNITY ASSOCIATION INC.
COMPARATIVE STATEMENT OF ACTUAL AND BUDGETED
ASSESSMENTS, REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Actual	Budget	Variance Actual Favorable or (Unfavorable) Budget
<u>ASSESSMENTS AND REVENUES</u>			
Assessment Income	\$ 543,802	\$ 543,802	\$ -0-
Replacement Assessments	12,398	12,398	-0-
Interest Income	209	-0-	209
Pool Rent Income	510	-0-	510
Gate Registration Income	8,491	3,500	4,991
Reimbursed Expenses	1,713	-0-	1,713
Fines Income	100	-0-	100
	-----	-----	-----
Total	567,223	559,700	7,523
<u>EXPENDITURES</u>			
Replacement Fund:			
Transfers	12,398	12,398	-0-
Interest	143	-0-	(143)
	-----	-----	-----
Total Replacements Fund	12,541	12,398	(143)
Utilities:			
Electricity	53,368	54,700	1,332
Waste Pick Up Service	115,140	115,000	(140)
Water & Sewer	3,008	4,000	992
Telephone Expense	1,559	1,885	326
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Total Utility Expenses	173,075	175,585	2,510
Contracted Services:			
Security	88,876	85,000	(3,876)
Management Fees	30,000	30,000	-0-
Lawn Maintenance	58,500	58,000	(500)
Pool Service & Supplies	8,473	7,200	(1,273)
Janitorial Services	13,877	19,963	6,086
Pest Control	1,500	1,500	-0-
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Total Contracted Services	201,226	201,663	437

(Continued)

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TUSCANY COMMUNITY ASSOCIATION INC.
COMPARATIVE STATEMENT OF ACTUAL AND BUDGETED
ASSESSMENTS, REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015

(Continued)

	Actual	Budget	Variance Favorable or (Unfavorable) Budget
<u>REPAIRS AND MAINTENANCE</u>			
Golf Car Expense	\$ 2,413	\$ 2,000	\$ (413)
Special Project(Stor.Rm&Fence)	15,700	30,000	14,300
General Repairs & Maintenance	33,584	12,000	(21,584)
Supplies	4,904	6,000	1,096
Fence Repairs	-0-	4,000	4,000
Camera Expense	-0-	2,000	2,000
Electrical Repairs	4,490	4,000	(490)
Hurricane Clean Up	-0-	3,300	3,300
Parties & Events	4,162	3,500	(662)
Bulk Pick Ups	8,643	8,000	(643)
Fountain Maintenance	1,704	4,000	2,296
Lake Maintenance	3,097	4,000	903
Fertilizer	-0-	4,000	4,000
New Plants Replacement	16,351	3,000	(13,351)
Tree Trimming	9,925	10,000	75
Irrigation Maintenance	6,139	5,500	(639)
Gate Repairs & Maintenance	9,956	10,000	44
Playground Maintenance	4,945	-0-	(4,945)
Total Repairs & Maintenance	\$ 126,013	\$ 115,300	\$ (10,713)
<u>PAYROLL EXPENSES</u>			
Payroll	\$ 13,037	\$ 13,037	\$ -0-
Payroll Taxes	1,228	-0-	(1,228)
Payroll Fees	889	-0-	(889)
Total Payroll Expenses	\$ 15,154	\$ 13,037	\$ (2,117)

(Continued)

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**TUSCANY COMMUNITY ASSOCIATION INC.
COMPARATIVE STATEMENT OF ACTUAL AND BUDGETED
ASSESSMENTS, REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

(Continued)

ADMINISTRATIVE EXPENSES

Professional Fees	5,910	3,000	(2,910)
Legal Fees	375	2,000	1,625
Insurance	16,835	25,545	8,710
Postage & Delivery	959	1,500	541
Audit Fees	3,000	3,000	-0-
Corporate Annual Report	122	72	(50)
Licenses & Permits	375	600	225
Registration Processing Fee	6,000	6,000	-0-
	33,576	41,717	8,141
Total Administrative Expenses	33,576	41,717	8,141
Total Expenditures	561,585	559,700	(1,885)
 EXCESS OF ASSESSMENTS AND REVENUES OVER EXPENDITURES	\$ 5,638 =====	\$ -0- =====	\$ 5,638 =====

**READ INDEPENDENT AUDITOR'S REPORT
AND ACCOMPANYING NOTES**

TUSCANY COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: Organization

Tuscany Community Association, Inc. is a statutory condominium incorporated in the State of Florida in 2005. The Association is responsible for maintaining and preserving of the common areas within the developments and consists of the following Associations:

- Tuscany No. 1 Condominium Association, Inc.
- Tuscany No. 2 Condominium Association, Inc.
- Tuscany No. 3 Condominium Association, Inc.
- Tuscany No. 4 Condominium Association, Inc.
- Tuscany No.5 Condominium Association, Inc.
- Tuscany No.6 Condominium Association, Inc.

NOTE 2: Summary of Significant Accounting Policies

Funding accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes.

Interest earned

Interest earned by each fund is allocated to the appropriate fund. Income taxes on the interest earned are paid from the operating fund.

Property and equipment

Common areas owned by the Association are reserved for the use and enjoyment of the owners and are required to be maintained under the Association's Declaration of Condominium. Accordingly, real property and common areas acquired from the Developer are not recorded in the financial records of the Association.

Use of estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Date of management's review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 10, 2016, the date the financial statements were available to be issued.

NOTE 3: Assessments

The annual budget and assessments of owners are determined by the board of directors. Assessments are levied against the unit owners for their proportionate share of common expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods

NOTE 4: Concentration of Credit Risk

The Association maintains its cash in bank at various financial institutions whereby deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) The balances at times may exceed federally insured limits.

NOTE 5: Income Taxes

The Association may elect to be taxed as a regular corporation or as a condominium association under Internal Revenue Code Section 528. For the year ended December 31, 2014, the Association elected to file under Section 528. Under this election, the Association is generally taxed only on non-membership income, such as interest earnings, at applicable rates.

NOTE 6: Future Major Repairs and Replacements

Chapter 718 of the Florida statutes requires that funds be accumulated for the future major repairs and replacements. The Association conducted a study to estimate the remaining useful lives of the components of common property and current estimates of costs of major repairs and replacements that may be required in the future. The table included in the unaudited supplementary information on future major repairs and replacements is based on the study. The Association is funding for future major repairs and replacements over the remaining useful lives of the components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, 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 may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

Activity in the replacement fund for the year ending December 31, 2013 is as follows:

	Balance 12/31/2014	Additions	Charges	Balance 12/31/2015
Roof Replacement Cabana	\$ 4,126	\$ 494	\$ -0-	\$ 4,620
Asphalt Resurfacing	44,954	6,309	-0-	51,263
Painting Clubhouse	412	412	-0-	824
Pool Marcite	32,433	3,783	-0-	36,216
Interest	2,609	143	-0-	2,752
Storm Drain Cleaning	4,200	1,400	-0-	5,600
	<u>\$ 88,733</u>	<u>\$ 12,541</u>	<u>\$ -0-</u>	<u>\$101,274</u>
	=====	=====	=====	=====

NOTE 7: Insurance Deductible

The Association's insurance policy contains a deductible. The Association is responsible for losses up to this amount and may increase assessments, pass special assessments, obtain loans or delay repairs and replacement until funds are available.

SUPPLEMENTARY INFORMATION

TUSCANY COMMUNITY ASSOCIATION, INC.
SUPPLEMENTAL INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)
DECEMBER 31, 2015

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	Annual Funding Requirement	Replacement Fund Balance at December 31, 2015
Roof Replacement-Cabana	22	\$ 15,000	\$ 494	\$ 4,620
Asphalt Resurfacing	12	120,000	6,309	51,263
Painting Clubhouse	-0-	3,000	412	824
Pool Marcite	2	40,000	3,783	36,216
Interest			143	2,752
Storm Drain Cleaning	2	7,000	1,400	5,600
Totals		\$ 185,000	\$ 12,541	\$ 101,274
		=====	=====	=====

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