

TUSCANY COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017

**PEDRO J. FERNANDEZ**  
CERTIFIED PUBLIC ACCOUNTANT  
MEMBER FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

5755 WEST FLAGLER STREET, SUITE 209  
MIAMI, FLORIDA 33144

TELEPHONE  
(305) 302-1808

**INDEPENDENT AUDTORS' 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, 2017, 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, 2017, 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 5, 2018

TUSCANY COMMUNITY ASSOCIATION INC.  
BALANCE SHEET  
DECEMBER 31, 2017

ASSETS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2017 Total</u>
Cash	\$ 274,181	\$ 110,363	\$ 384,544
Due from Operating to Security	4,010	-0-	4,010
Prepaid Expenses (Principally Insurance)	12,525	-0-	12,525
Due to/from Funds	3,894	( 3,894)	-0-
Utility Deposit	8,981	-0-	8,981
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Total Assets	\$ 303,591	\$ 106,469	\$ 410,060
	=====	=====	=====

LIABILITIES AND FUNDS BALANCE

Liabilities

Accounts Payable	\$ 67,915	\$ -0-	\$ 67,915
Security Deposits Payable	62,301	-0-	62,301
Insurance Loan Payable	10,225	-0-	10,225
	-----	-----	-----
Total Liabilities	\$ 140,441	\$ -0-	\$ 140,441
Fund Balance	163,150	106,469	269,619
	-----	-----	-----
Total Liabilities And Funds Balance	\$ 303,591	\$ 106,469	\$ 410,060
	=====	=====	=====

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, 2017**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2017 Total</u>
<b><u>ASSESSMENTS AND REVENUES</u></b>			
Decal Income	\$ 2,719	\$ -0-	\$ 2,719
Dog Registration	1,500	-0-	1,500
Cable Income	55,620	-0-	55,620
Assessments Income	591,144	-0-	591,144
Replacement Assessments	-0-	20,676	20,676
Interest Income	56	103	159
Pool Rent Income	457	-0-	457
Gate Registration Income	8,070	-0-	8,070
Fines Income	150	-0-	150
Fee Income – Other	1,350	-0-	1,350
	-----	-----	-----
	661,066	20,779	681,845
<b><u>EXPENDITURES</u></b>			
Replacement Fund	-0-	20,779	20,779
Utilities	199,612	-0-	199,612
Contracted Services	259,623	-0-	259,623
Maintenance & Repairs	178,321	-0-	178,321
Administrative Expenses	44,078	-0-	44,078
	-----	-----	-----
Total Expenditures	681,634	20,779	702,413
<b>EXCESS OF EXPENDITURES OVER ASSESSMENTS AND REVENUES</b>			
	( 20,568)	-0-	( 20,568)
<b>TRANSFERS TO REPLACEMENT FUND</b>			
	-0-	20,676	20,676
<b>INTEREST INCOME</b>			
		103	103
<b>PRIOR PERIOD ADJUSTMENTS</b>			
	6,916	-0-	6,916
<b>FUNDS BALANCE – BEGINNING</b>			
	176,802	85,690	262,492
	-----	-----	-----
<b>FUNDS BALANCE – ENDING</b>			
	\$ 163,150	\$ 106,469	\$ 269,619
	=====	=====	=====

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

**TUSCANY COMMUNITY ASSOCIATION INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Cash Flows from Operating Activities**

Net Operating Loss		\$( 20,568)
<i>Changes in operating assets and liabilities:</i>		
Increase in accounts payable	\$ 45,362	
Decrease in Assessments Receivable	27,810	
Decrease in Prepaid Expenses	943	
Increase in Replacement Fund	20,779	
Decrease in Insurance Loan Payable	( 1,106)	
Decrease in Prepaid Maintenance Fee	( 7,650)	
Increase in Due from Operating to Security	( 3,110)	
	-----	
Total Adjustments		83,028
		-----
NET CASH INCREASE BY OPERATING ACTIVITIES		62,460

**Cash Provided by Financing Activities**

Security Deposits Increase	15,201	
Prior Period Adjustments	6,916	
Decrease of Interfunds Payable	( 3,894)	
	-----	
NET CASH PROVIDED BY FINANCING ACTIVITIES		18,223
		-----
NET INCREASE IN CASH		80,683
CASH – JANUARY 1, 2017		303,861
		-----
CASH – DECEMBER 31, 2017		\$ 384,544
		=====

**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, 2017**

	Actual	Budget	Variance Actual Favorable or (Unfavorable) Budget
<b><u>ASSESSMENTS AND REVENUES</u></b>			
Decal Income	\$ 2,719	\$ -0-	\$ 2,719
Dog Registration	1,500	-0-	1,500
Cable Income	55,620	-0-	55,620
Assessment Income	591,144	591,144	-0-
Replacement Assessments	20,676	20,676	-0-
Interest Income	159	-0-	159
Pool Rent Income	457	-0-	457
Gate Registration Income	8,070	3,500	4,570
Fines Income	150	-0-	150
Fee Income – Other	1,350	-0-	1,350
	-----	-----	-----
Total	681,845	615,320	66,525
<b><u>EXPENDITURES</u></b>			
Replacement Fund:			
Transfers	20,676	20,676	-0-
Interest	103	-0-	( 103)
	-----	-----	-----
Total Replacements Fund	20,779	20,676	( 103)
Utilities:			
Electricity	59,399	57,500	( 1,899)
Waste Pick Up Service	134,969	132,000	( 2,969)
Water & Sewer	3,594	2,800	( 794)
Telephone Expense	1,650	1,500	( 150)
	-----	-----	-----
Total Utility Expenses	199,612	193,800	( 5,812)
Contracted Services:			
Security	96,638	90,000	( 6,638)
Management Fees	30,000	36,000	6,000
Lawn Maintenance	86,323	62,000	( 24,323)
Pool Service & Supplies	11,212	7,200	( 4,012)
Janitorial Services	35,450	35,000	( 450)
Pest Control	-0-	1,500	1,500
	-----	-----	-----
Total Contracted Services	259,623	231,700	( 27,923)

(Continued)

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AND ACCOMPANYING NOTES**

**TUSCANY COMMUNITY ASSOCIATION INC.  
COMPARATIVE STATEMENT OF ACTUAL AND BUDGETED  
ASSESSMENTS, REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Continued)

	Actual	Budget	Variance Favorable or (Unfavorable) Budget
<b><u>REPAIRS AND MAINTENANCE</u></b>			
Golf Car Expense	\$ 1,289	\$ 2,000	\$ 711
Special Project - Irrigation System	2,310	28,540	26,230
General Repairs & Maintenance	3,013	20,000	16,987
Supplies	6,110	4,000	( 2,110)
Fence Repairs	69,430	2,000	( 67,430)
Camera Expense	740	5,000	4,260
Electrical Repairs	5,684	2,500	( 3,184)
Hurricane Clean Up	4,725	3,300	( 1,425)
Parties & Events	2,300	3,500	1,200
Bulk Pick Ups	2,800	9,000	6,200
Fountain Maintenance	1,986	2,000	14
Lake Maintenance	3,065	4,000	935
Fertilizer	-0-	4,000	4,000
New Plants & Tree Replacement	-0-	3,500	3,500
Tree Trimming	29,977	28,000	( 1,977)
Irrigation Maintenance & Sprinklers	13,646	3,600	( 10,046)
Gate Repairs & Maintenance	31,246	10,000	( 21,246)
Playground Maintenance	-0-	2,000	2,000
<b>Total Repairs &amp; Maintenance</b>	<b>\$ 178,321</b>	<b>\$ 136,940</b>	<b>\$ ( 41,381)</b>

(Continued)

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AND ACCOMPANYING NOTES**



**TUSCANY COMMUNITY ASSOCIATION INC.  
COMPARATIVE STATEMENT OF ACTUAL AND BUDGETED  
ASSESSMENTS, REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Continued)

	<u>Actual</u>	<u>Budget</u>	<b>Variance Actual Favorable or (unfavorable) <u>Budget</u></b>
<b><u>ADMINISTRATIVE EXPENSES</u></b>			
Bank Charges	96	-0-	( 96)
Professional Fees	5,272	3,000	( 2,272)
Legal Fees	4,110	2,000	( 2,110)
Insurance	23,910	22,532	( 1,378)
Postage & Delivery	1,129	1,000	( 129)
Audit Fees	3,000	3,000	-0-
Corporate Annual Report	61	72	11
Licenses & Permits	500	600	100
Registration Processing Fee	6,000	-0-	( 6,000)
	44,078	32,204	( 11,874)
Total Administrative Expenses	44,078	32,204	( 11,874)
Total Expenditures	702,413	615,320	( 87,093)
 EXCESS OF EXPENDITURES OVER ASSESSMENTS AND REVENUES	\$ ( 20,568) =====	\$ -0- =====	\$( 20,568) =====

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

**TUSCANY COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**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 5, 2018, 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, 2017, 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, 2017 is as follows:

	Balance 12/31/2016	Additions	Charges	Balance 12/31/2017
Roof Replacement Cabana	\$ 5,150	\$ 620	\$ -0-	\$ 5,770
Asphalt Resurfacing	30,594	10,338	-0-	40,932
Painting Clubhouse	( 2,546)	620	-0-	( 1,926)
Pool Marcite	41,515	6,203	-0-	47,718
Interest	2,905	103	-0-	3,008
Storm Drain Cleaning	8,072	2,895	-0-	10,967
	<u>\$ 85,690</u>	<u>\$ 20,779</u>	<u>\$ -0-</u>	<u>\$106,469</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, 2017**

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	Annual Funding Requirement	Replacement Fund Balance at December 31, 2017
Roof Replacement-Cabana	20	\$ 15,000	\$ 620	\$ 5,770
Asphalt Resurfacing	10	120,000	10,338	40,932
Painting Clubhouse	4	3,000	620	( 1,926)
Pool Marcite	0	40,000	6,203	47,718
Interest			103	3,008
Storm Drain Cleaning	0	7,000	2,895	10,967
<b>Totals</b>		<b>\$ 185,000</b>	<b>\$ 20,779</b>	<b>\$ 106,469</b>
		=====	=====	=====

**READ INDEPENDENT AUDITOR'S REPORT**