

TUSCANY COMMUNITY ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

PEDRO J. FERNANDEZ

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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, 2019, 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, 2019, 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

June 5, 2020

**TUSCANY COMMUNITY ASSOCIATION INC.
BALANCE SHEET
DECEMBER 31, 2019**

ASSETS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2019 Total</u>
Cash	\$ 256,553	\$ 150,475	\$ 407,028
Prepaid Expenses (Principally Insurance)	16,640	-0-	16,640
Due to/from Funds	4,624	(4,624)	-0-
Utility Deposit	8,981	-0-	8,981
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Total Assets	\$ 286,798	\$ 145,851	\$ 432,649
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LIABILITIES AND FUNDS BALANCE

Liabilities

Accounts Payable	\$ 56,406	\$ -0-	\$ 56,406
Security Deposits Payable	86,731	-0-	86,731
Insurance Loan Payable	16,075	-0-	16,075
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Total Liabilities	\$ 159,212	\$ -0-	\$ 159,212
Fund Balance	127,586	145,851	273,437
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Total Liabilities And Funds Balance	\$ 286,798	\$ 145,851	\$ 432,649
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**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, 2019**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2019 Total</u>
<u>ASSESSMENTS AND REVENUES</u>			
Dog Registration	\$ 930	\$ -0-	\$ 930
Assessments Income	626,712	-0-	626,712
Replacement Assessments	-0-	18,480	18,480
Interest Income	21	28	49
Gate Registration Income	4,205	-0-	4,205
Reimbursed Expenses	33,465	-0-	33,465
Fee Income-Other	1,200	-0-	1,200
Decal Income	4,053	-0-	4,053
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	670,586	18,508	689,094
<u>EXPENDITURES</u>			
Replacement Fund	-0-	18,508	18,508
Utilities	172,761	-0-	172,761
Contracted Services	285,650	-0-	285,650
Maintenance & Repairs	222,306	-0-	222,306
Administrative Expenses	43,538	-0-	43,538
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Total Expenditures	724,255	18,508	742,763
EXCESS OF EXPENDITURES OVER ASSESSMENTS AND REVENUES	(53,669)	-0-	(53,669)
TRANSFERS TO REPLACEMENT FUND	-0-	18,480	18,480
INTEREST INCOME		28	28
PRIOR PERIOD ADJUSTMENTS	10,127	-0-	10,127
FUNDS BALANCE – BEGINNING	171,128	127,343	298,471
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FUNDS BALANCE – ENDING	\$ 127,586	\$ 145,851	\$ 273,437
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**READ INDEPENDENT AUDITOR'S REPORT
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**TUSCANY COMMUNITY ASSOCIATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash Flows from Operating Activities

Net Operating Loss \$(53,669)

Changes in operating assets and liabilities:

Increase in accounts payable	\$	26,785
Increase in Prepaid Expenses	(3,685)
Increase in Replacement Fund		18,508
Increase in Insurance Loan Payable		5,081

Total Adjustments		46,689
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NET CASH USED IN OPERATING ACTIVITIES		(6,980)
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Cash Provided by Financing Activities

Security Deposits Increase		12,130
Prior Period Adjustments		10,127

NET CASH PROVIDED BY FINANCING ACTIVITIES		22,257
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NET INCREASE IN CASH		15,277
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CASH – JANUARY 1, 2019		391,751
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CASH – DECEMBER 31, 2019		\$ 407,028
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**READ INDEPENDENT AUDITOR'S REPORT
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SUPPLEMENTAL INFORMATION

**TUSCANY COMMUNITY ASSOCIATION INC.
COMPARATIVE STATEMENT OF ACTUAL AND BUDGETED
ASSESSMENTS, REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Actual	Budget	Variance Actual Favorable or (Unfavorable) Budget
<u>ASSESSMENTS AND REVENUES</u>			
Dog Registration	\$ 930	\$ -0-	\$ 930
Assessment Income	626,712	626,712	-0-
Replacement Assessments	18,480	18,480	-0-
Interest Income	49	-0-	49
Gate Registration Income	4,205	4,160	45
Reimbursed Expenses	33,465	-0-	33,465
Fee Income-Other	1,200	-0-	1,200
Decal Income	4,053	-0-	4,053
	-----	-----	-----
Total	689,094	649,352	39,742
<u>EXPENDITURES</u>			
Replacement Fund:			
Transfers	18,480	18,480	-0-
Interest	28	-0-	(28)
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Total Replacements Fund	18,508	18,480	(28)
Utilities:			
Electricity	56,640	57,500	860
Waste Pick Up Service	112,628	132,000	19,372
Water & Sewer	1,842	3,400	1,558
Telephone Expense	1,651	1,800	149
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Total Utility Expenses	172,761	194,700	21,939
Contracted Services:			
Security	103,591	106,650	3,059
Management Fees	36,000	36,000	-0-
Lawn Maintenance	95,450	72,000	(23,450)
Pool Service & Supplies	8,352	7,500	(852)
Janitorial Services	39,107	35,000	(4,107)
Pest Control	3,150	7,200	4,050
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Total Contracted Services	285,650	264,350	(21,300)

(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, 2019**

(Continued)

	Actual	Budget	Variance Favorable or (Unfavorable) Budget
<u>REPAIRS AND MAINTENANCE</u>			
Golf Car Expense	\$ 640	\$ 4,000	\$ 3,360
General Repairs & Maintenance	33,121	20,000	(13,121)
Supplies	8,791	6,000	(2,791)
Fence Repairs	7,550	1,000	(6,550)
Camera Expense	1,730	5,000	3,270
Electrical Repairs	320	3,500	3,180
Hurricane Clean Up	-0-	15,000	15,000
Parties & Events	-0-	3,500	3,500
Bulk Pick Ups	14,200	12,000	(2,200)
Fountain Maintenance	9,510	2,000	(7,510)
Lake Maintenance	2,933	4,000	1,067
Fertilizer	-0-	4,000	4,000
New Plants & Tree Replacement	77,250	3,500	(73,750)
Tree Trimming	31,610	32,000	390
Irrigation Maintenance & Sprinklers	26,250	7,000	(19,250)
Gate Repairs & Maintenance	8,401	10,000	1,599
Playground Maintenance	-0-	3,000	3,000
Total Repairs & Maintenance	\$ 222,306	\$ 135,500	\$ (86,806)

(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, 2019**

(Continued)

	<u>Actual</u>	<u>Budget</u>	Variance Actual Favorable or (unfavorable) <u>Budget</u>
<u>ADMINISTRATIVE EXPENSES</u>			
Reimbursed Expenses	1,029	-0-	(1,029)
Bank Charges	165	-0-	(165)
Professional Fees	9,449	4,000	(5,449)
Legal Fees	7,063	5,000	(2,063)
Insurance	20,815	22,000	1,185
Postage & Delivery	1,067	1,500	433
Audit Fees	3,300	3,000	(300)
Corporate Annual Report	-0-	72	72
Licenses & Permits	650	750	100
	43,538	36,322	(7,216)
Total Administrative Expenses			
Total Expenditures	742,763	649,352	(93,411)
EXCESS OF EXPENDITURES OVER ASSESSMENTS AND REVENUES	\$(53,669)	\$ -0-	\$(53,669)

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

TUSCANY COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

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 June 5, 2020, 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, 2019, 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, 2019 is as follows:

	Balance 12/31/2018	Additions	Charges	Balance 12/31/2019
Roof Replacement Cabana	\$ 6,282	\$ 512	\$ -0-	\$ 6,794
Asphalt Resurfacing	59,539	16,291	-0-	75,830
Painting Clubhouse	(2,043)	(117)	-0-	(2,160)
Pool Marcite	43,287	(4,431)	-0-	38,856
Interest	3,090	28	-0-	3,118
Storm Drain Cleaning	10,967	-0-	-0-	10,967
Pavers	6,221	6,225	-0-	12,446
	<u>\$127,343</u>	<u>\$ 18,508</u>	<u>\$ -0-</u>	<u>\$ 145,851</u>
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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)
FOR THE YEAR ENDED DECEMBER 31, 2019

The Association estimates the life and replacement cost of components of common property for presentation in the budget. Replacement costs were based on the estimated costs to repair or replace the common property components. Actual expenditures may vary from the estimates below and the variation may be material. Therefore, amounts accumulated in the replacement fund assessments, 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 or delay major repairs and replacements until funds are available.

Components	Estimated Remaining Useful Life (Years)	Estimated Current Replacement Costs	Annual Funding Requirement	Replacement Fund Balance at December 31, 2019
Roof Replacement-Cabana	18	\$ 15,000	\$ 512	\$ 6,794
Asphalt Resurfacing	8	120,000	16,291	75,830
Painting Clubhouse	2	3,000	(117)	(2,160)
Pool Marcite	0	40,000	(4,431)	38,856
Interest			28	3,118
Storm Drain Cleaning	0	7,000	-0-	10,967
Pavers			6,225	12,446
Totals		\$ 185,000	\$ 18,508	\$ 145,851
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