

**TUSCANY COMMUNITY ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**PEDRO J. FERNANDEZ**  
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**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, 2020, 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, 2020, 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

April 26, 2021

**TUSCANY COMMUNITY ASSOCIATION INC.  
BALANCE SHEET  
DECEMBER 31, 2020**

**ASSETS**

	<b><u>Operating Fund</u></b>	<b><u>Replacement Fund</u></b>	<b><u>2020 Total</u></b>
Cash	\$ 219,733	\$ 168,250	\$ 387,983
Prepaid Expenses (Principally Insurance)	16,663	-0-	16,663
Due to/from Funds	3,894	( 3,894)	-0-
Utility Deposit	8,981	-0-	8,981
	-----	-----	-----
Total Assets	\$ 249,271	\$ 164,356	\$ 413,627
	=====	=====	=====

**LIABILITIES AND FUNDS BALANCE**

**Liabilities**

Accounts Payable	\$ 15,184	\$ -0-	\$ 15,184
Security Deposits Payable	99,986	-0-	99,986
Insurance Loan Payable	15,576	-0-	15,576
	-----	-----	-----
Total Liabilities	\$ 130,746	\$ -0-	\$ 130,746
Fund Balance	118,525	164,356	282,881
	-----	-----	-----
Total Liabilities And Funds Balance	\$ 249,271	\$ 164,356	\$ 413,627
	=====	=====	=====

**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, 2020**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>2020 Total</u>
<b><u>ASSESSMENTS AND REVENUES</u></b>			
Dog Registration	\$ 1,050	\$ -0-	\$ 1,050
Assessments Income	626,712	-0-	626,712
Replacement Assessments	-0-	18,480	18,480
Interest Income	17	25	42
Gate Registration Income	685	-0-	685
Reimbursed Expenses	10,008	-0-	10,008
Special Assessments Income	61,800	-0-	61,800
Decal Income	8,070	-0-	8,070
	-----	-----	-----
	708,342	18,505	726,847
 <b><u>EXPENDITURES</u></b>			
Replacement Fund	-0-	18,505	18,505
Utilities	202,210	-0-	202,210
Contracted Services	316,003	-0-	316,003
Maintenance & Repairs	144,898	-0-	144,898
Administrative Expenses	54,291	-0-	54,291
	-----	-----	-----
Total Expenditures	717,402	18,505	735,907
 EXCESS OF EXPENDITURES OVER			
ASSESSMENTS AND REVENUES	( 9,060)	-0-	( 9,060)
 TRANSFERS TO REPLACEMENT FUND			
	-0-	18,480	18,480
 INTEREST INCOME			
		25	25
 FUNDS BALANCE – BEGINNING			
	127,585	145,851	273,436
	-----	-----	-----
 FUNDS BALANCE – ENDING			
	\$ 118,525	\$ 164,356	\$ 282,881
	=====	=====	=====

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



**TUSCANY COMMUNITY ASSOCIATION INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Cash Flows from Operating Activities**

Net Operating Loss		\$( 9,060)
 <i>Changes in operating assets and liabilities:</i>		
Decrease in Accounts Payable	\$( 41,222)	
Increase in Prepaid Expenses	( 23)	
Increase in Replacement Fund	18,505	
Decrease in Insurance Loan Payable	( 500)	
	-----	
Total Adjustments		( 23,240)
		-----
NET CASH USED IN OPERATING ACTIVITIES		( 32,300)

**Cash Provided by Financing Activities**

Security Deposits Increase	13,255	
	-----	
NET CASH PROVIDED BY FINANCING ACTIVITIES		13,255
		-----
NET DECREASE IN CASH		( 19,045)
CASH – JANUARY 1, 2020		407,028
		-----
CASH – DECEMBER 31, 2020		\$ 387,983
		=====

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

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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, 2020**

	Actual	Budget	Variance Actual Favorable or (Unfavorable) Budget
<b><u>ASSESSMENTS AND REVENUES</u></b>			
Dog Registration	\$ 1,050	\$ -0-	\$ 1,050
Assessment Income	626,712	645,864	( 19,152)
Replacement Assessments	18,480	18,480	-0-
Interest Income	42	-0-	42
Gate Registration Income	685	4,160	( 3,475)
Reimbursed Expenses	10,008	-0-	10,008
Special Assessments Income	61,800	-0-	61,800
Decal Income	8,070	-0-	8,070
	-----	-----	-----
Total	726,847	668,504	58,343
<b><u>EXPENDITURES</u></b>			
Replacement Fund:			
Transfers	18,480	18,480	-0-
Interest	25	-0-	( 25)
	-----	-----	-----
Total Replacements Fund	18,505	18,480	( 25)
Utilities:			
Electricity	57,801	57,500	( 301)
Waste Pick Up Service	138,033	140,000	1,967
Water & Sewer	3,096	3,400	304
Telephone Expense	3,280	1,800	( 1,480)
	-----	-----	-----
Total Utility Expenses	202,210	202,700	490
Contracted Services:			
Security	112,264	116,000	3,736
Management Fees	30,000	36,000	6,000
Lawn Maintenance	121,075	72,000	( 49,075)
Pool Service & Supplies	6,840	7,500	660
Janitorial Services	38,684	35,000	( 3,684)
Pest Control	7,140	7,200	60
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Total Contracted Services	316,003	273,700	( 42,303)

(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, 2020**

(Continued)

	Actual	Budget	Variance Favorable or (Unfavorable) Budget
<u>REPAIRS AND MAINTENANCE</u>			
Golf Car Expense	\$ -0-	\$ 4,000	\$ 4,000
General Repairs & Maintenance	54,442	20,000	( 34,442)
Supplies	10,435	6,000	( 4,435)
Fence Repairs	-0-	1,000	1,000
Camera Expense	2,696	5,000	2,304
Electrical Repairs	356	3,500	3,144
Hurricane Clean Up	-0-	10,000	10,000
Parties, Events & Christmas Lights	894	3,500	2,606
Bulk Pick Ups	12,650	12,000	( 650)
Fountain Maintenance	342	2,000	1,658
Lake Maintenance	5,274	4,000	( 1,274)
Fertilizer	-0-	4,000	4,000
New Plants & Tree Replacement	8,445	3,500	( 4,945)
Tree Trimming	1,000	35,000	34,000
Irrigation Maintenance & Sprinklers	18,454	7,000	( 11,454)
Gate Repairs & Maintenance	14,390	10,000	( 4,390)
Playground Maintenance	-0-	3,000	3,000
Mulching	15,520	-0-	( 15,520)
Total Repairs & Maintenance	\$ 144,898	\$ 133,500	\$ ( 11,398)

(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, 2020**

(Continued)

	<u>Actual</u>	<u>Budget</u>	<b>Variance Actual Favorable or (unfavorable) <u>Budget</u></b>
<u>ADMINISTRATIVE EXPENSES</u>			
Registration Processing	\$ 6,000	\$ -0-	\$( 6,000)
Reimbursed Expenses	8,937	-0-	( 8,937)
Bank Charges	-0-	-0-	-0-
Professional Fees	7,744	4,000	( 3,744)
Legal Fees	1,295	5,000	3,705
Insurance	24,501	23,000	( 1,501)
Postage & Delivery	878	1,000	122
Audit Fees	3,500	3,000	( 500)
Corporate Annual Report	61	72	11
Licenses & Permits	1,375	750	( 625)
	-----	-----	-----
Total Administrative Expenses	54,291	36,822	( 17,469)
Total Expenditures	735,907	665,202	( 70,705)
 EXCESS OF EXPENDITURES OVER ASSESSMENTS AND REVENUES	 \$( 9,060) =====	 \$ ( 3,302) =====	 \$( 12,362) =====

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

**TUSCANY COMMUNITY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 April 26, 2021, 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, 2020, 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, 2020 is as follows:

	Balance 12/31/2019	Additions	Charges	Balance 12/31/2020
Roof Replacement Cabana	\$ 6,794	\$ 512	\$ -0-	\$ 7,306
Asphalt Resurfacing	75,830	16,291	-0-	92,121
Painting Clubhouse	( 2,160)	( 117)	-0-	( 2,277)
Pool Marcite	38,856	( 4,431)	-0-	34,425
Interest	3,118	25	-0-	3,143
Storm Drain Cleaning	10,967	-0-	-0-	10,967
Pavers	12,446	6,225	-0-	18,671
	<u>\$145,851</u>	<u>\$ 18,505</u>	<u>\$ -0-</u>	<u>\$ 164,356</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)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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, 2020
Roof Replacement-Cabana	17	\$ 15,000	\$ 512	\$ 7,306
Asphalt Resurfacing	7	120,000	16,291	92,121
Painting Clubhouse	1	3,000	( 117)	( 2,277)
Pool Marcite	0	40,000	( 4,431)	34,425
Interest			25	3,143
Storm Drain Cleaning	0	7,000	-0-	10,967
Pavers			6,225	18,671
Totals		\$ 185,000	\$ 18,505	\$ 164,356
		=====	=====	=====

**READ INDEPENDENT AUDITOR'S REPORT**