

**PARK AT WOLF BRANCH OAKS  
HOMEOWNERS' ASSOCIATION, INC.  
Financial Statements  
December 31, 2018**

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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018 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 & Garner CPAs*

Mount Dora, Florida  
March 3, 2019

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2018

	OPERATING FUND	RESERVE FUND	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,175	\$ 279,684	\$ 296,859
Accounts receivable	13,881	...	13,881
<b>TOTAL ASSETS</b>	<u>\$ 31,056</u>	<u>\$ 279,684</u>	<u>\$ 310,740</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,780	\$ ...	\$ 5,780
Income taxes payable	107	...	107
Prepaid water system billing	1,043	...	1,043
Social events contribution	872	...	872
Landscaping contribution	820	...	820
Total Liabilities	<u>8,622</u>	<u>...</u>	<u>8,622</u>
<b>FUND BALANCES</b>			
Unrestricted fund balance	22,434	...	22,434
Reserve fund balances	...	279,684	279,684
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 31,056</u>	<u>\$ 279,684</u>	<u>\$ 310,740</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, 2018

	OPERATING FUND	RESERVE FUND	TOTAL
<b>REVENUES</b>			
Maintenance assessment	\$ 37,726	\$ 19,774	\$ 57,500
Late fees	101	...	101
Water billings	67,148	...	67,148
Interest income	...	873	873
Other income	1,799	...	1,799
Total Revenues	106,774	20,647	127,421
<b>EXPENSES</b>			
Grounds	46,325	1,993	48,318
Water plant	24,912	...	24,912
Legal fees	55	...	55
Outside lighting electricity	6,956	...	6,956
Insurance	4,536	...	4,536
Postage	339	...	339
Accounting fees	2,573	...	2,573
Other general administrative	2,413	...	2,413
Repairs	6,087	...	6,087
Total expenses	94,196	1,993	96,189
Excess of Revenues Over (Under) Expenses Before Income Tax	12,578	18,654	31,232
Income taxes	107	...	107
Excess of Revenues Over (Under) Expenses After Income Tax	12,471	18,654	31,125
Fund Balance - Beginning of year	27,994	242,999	270,993
Transfer between funds	(18,031)	18,031	...
Fund Balance - End of year	\$ 22,434	\$ 279,684	\$ 302,118

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	OPERATING FUND	RESERVE FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over (under) expenses	\$ 12,471	\$ 18,654	\$ 31,125
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
Increase in accounts receivable	(12,558)	...	(12,558)
Increase in accounts payable	4,617	...	4,617
Increase in income taxes payable	63	...	63
Increase in social events contribution	872	...	872
Increase in landscaping contribution	820	...	820
Increase in prepaid assessments	977	...	977
Net cash provided by (used by) operating activities	7,262	18,654	25,916
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Transfers	(18,031)	18,031	...
NET INCREASE (DECREASE) IN CASH	(10,769)	36,685	25,916
CASH AND CASH EQUIVALENTS - Beginning of year	27,944	242,999	270,943
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 17,175</u>	<u>\$ 279,684</u>	<u>\$ 296,859</u>

**SUPPLEMENTAL DISCLOSURES OF CASH  
FLOW INFORMATION**

Cash paid for income taxes = \$44

See accompanying notes and accountants' compilation report.

PARK AT WOLF BRANCH OAKS HOMEOWNERS' ASSOCIATION, INC.  
SORRENTO, FLORIDA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018

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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, 2018

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, 2018 financial statements through March 3, 2019, 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, 2018.

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, 2018, 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, 2018.

	Balance 1/1/18	Assessments, interest, and transfers	Expenses	Balance 12/31/18
Fence	\$ 18,578	\$ 4,373	\$ ...	\$ 22,951
Landscaping	(912)	12,433	...	11,521
Irrigation well	2,484	8,376	...	10,860
Signs	6,662	4,136	...	10,798
Drainage	2,086	260	...	2,346
Gazebo/dock	7,361	1,791	...	9,152
Sidewalks	2,240	6	1,993	253
Water plant	204,500	7,303	...	211,803
	<u>\$ 242,999</u>	<u>\$ 38,678</u>	<u>\$ 1,993</u>	<u>\$ 279,684</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, 2018.

5. RECEIVABLES

The Association is owed unbilled water meter readings of \$8,211 (received January, 2019) and current customer water usage of \$5,670.