

**WISTERIA PARK HOMEOWNERS ASSOCIATION, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**  
**Together with Independent Accountant's Review Report**

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**Certified Public Accountants**

*Members: Florida Institute of Certified Public Accountants*

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Wisteria Park Homeowners  
Association, Inc.  
Bradenton, Florida

We have reviewed the accompanying balance sheet of Wisteria Park Homeowners Association, Inc. as of December 31, 2015, and the related statement of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion on the Financial Statements**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

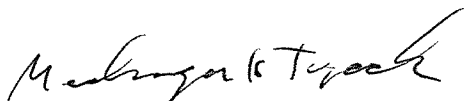
Wisteria Park Homeowners  
Association, Inc.  
Bradenton, FL

### **Supplementary Information**

The supplementary information in the supplementary schedule of expenses on pages 12 and 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the supplementary information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on it.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 14 be presented to supplement the basic financial statements. Such 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. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

A handwritten signature in black ink, appearing to read "Menchinger & Tyack", is written over a horizontal line.

Menchinger & Tyack CPAs, LLC  
Ringling Office, Sarasota, Florida  
February 24, 2016

**Wisteria Park Homeowners Association, Inc.**

**Balance Sheet**

**December 31, 2015**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 201,048	\$ 126,503	\$ 327,551
Accounts receivable net allowance of \$10,946	-	-	-
Prepaid insurance	998	-	998
Other assets	395	-	395
Due from (to) other fund	<u>44,002</u>	<u>(44,002)</u>	<u>-</u>
 Total Assets	 <u>\$ 246,443</u>	 <u>\$ 82,501</u>	 <u>\$ 328,944</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 65	\$ -	\$ 65
Prepaid assessments	<u>50,771</u>	<u>-</u>	<u>50,771</u>
 Total Liabilities	 50,836	 -	 50,836
 <u>FUND BALANCES</u>	 <u>195,607</u>	 <u>82,501</u>	 <u>278,108</u>
 Total liabilities and fund balance	 <u>\$ 246,443</u>	 <u>\$ 82,501</u>	 <u>\$ 328,944</u>

Read Accompanying Notes to Financial Statements and Independent Accountant's Review Report

**Wisteria Park Homeowners Association, Inc.**  
**Statement of Revenues, Expenses, and Changes in Fund Balances**  
**For The Year Ended December 31, 2015**

	Operating Fund	Replacement Fund	Total
<u>Revenues</u>			
Member assessments	\$ 191,823	\$ 36,750	\$ 228,573
Supplemental assessments	96,700	-	96,700
Cable/internet assessments	113,279	-	113,279
Special assessment	7,128	-	7,128
Interest income	409	407	816
Late fees and other	2,814	-	2,814
	<u>412,153</u>	<u>37,157</u>	<u>449,310</u>
 <u>Expenses</u>			
Administrative	30,741	-	30,741
Grounds	72,538	-	72,538
Utilities	140,095	-	140,095
Amenities	26,051	-	26,051
Landscape maintenance included	95,829	-	95,829
Reserve expenditures	-	7,853	7,853
	<u>365,254</u>	<u>7,853</u>	<u>373,107</u>
 Excess revenues over expenses	46,899	29,304	76,203
 Beginning fund balance	<u>148,708</u>	<u>53,197</u>	<u>201,905</u>
 Ending fund balance	<u>\$ 195,607</u>	<u>\$ 82,501</u>	<u>\$ 278,108</u>

Read Accompanying Notes to Financial Statements and Independent Accountant's Review Report

**Wisteria Park Homeowners Association, Inc.**  
**Statement Of Cash Flows**  
**For The Year Ended December 31, 2015**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Cash received from members	\$ 407,215	\$ 36,750	\$ 443,965
Cash paid to vendors & contract servicers	(362,507)	(7,853)	(370,360)
Interest earned	409	407	816
Other receipts	<u>2,814</u>	<u>-</u>	<u>2,814</u>
Net cash provided by operating activities:	47,931	29,304	77,235
Cash flows from financing activities:			
Interfund borrowings	<u>25,834</u>	<u>(25,834)</u>	<u>-</u>
Net increase in cash and cash equivalents	73,765	3,470	77,235
Cash and cash equivalents at beginning of year	<u>127,283</u>	<u>123,033</u>	<u>250,316</u>
Cash and cash equivalents at end of year	<u><u>\$ 201,048</u></u>	<u><u>\$ 126,503</u></u>	<u><u>\$ 327,551</u></u>

Read Accompanying Notes to Financial Statements and Independent Accountant's Review Report

**Wisteria Park Homeowners Association, Inc.**  
**Statement Of Cash Flows**  
**For The Year Ended December 31, 2015**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Reconciliation of excess revenues over expenses to net cash provided by operating activities:			
Excess of revenues over expenses	\$ 46,899	\$ 29,304	\$ 76,203
Adjustments to Reconcile:			
Bad debts	3,010	-	3,010
Decrease (increase) in operating assets:			
Accounts receivable	(3,010)	-	(3,010)
Prepaid insurance	17	-	17
Other assets	(345)	-	(345)
Increase (decrease) in operating liabilities:			
Accounts payable	65	-	65
Prepaid assessments	<u>1,295</u>	<u>-</u>	<u>1,295</u>
Total adjustments	<u>1,032</u>	<u>-</u>	<u>1,032</u>
Net cash provided by operating activities	<u>\$ 47,931</u>	<u>\$ 29,304</u>	<u>\$ 77,235</u>

Read Accompanying Notes to Financial Statements and Independent Accountant's Review Report



**Wisteria Park Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

**ORGANIZATION**

Wisteria Park Homeowners Association, Inc. is a not-for-profit corporation organized pursuant to Florida Statute 720 to provide an entity for the administration, maintenance, operation, and management of the single family residential community known as “Wisteria Park” which consists of 141 residential lots in Manatee County, Florida. Assessments against the owners of the residential lots, which are the principal source of revenue, are based on the total estimated amounts required to protect and maintain the common property of Wisteria Park.

Seventy two (72) of the single-family lots are designated in the Association documents as “landscape maintenance services included” and are provided additional landscaping services for an additional supplemental quarterly assessment.

All policy decisions are formulated by the Board of Directors. Certain major decisions are referred to the general membership before action is taken. Assessments are determined annually by the Board of Directors based upon maintenance and other operating requirements of the Association.

**MANAGEMENT REVIEW**

The Association has evaluated events and transactions for potential recognition or disclosure through February 24, 2016, the date the financial statements were available to be issued.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared using the fund method of accounting on the accrual basis. The accrual basis of accounting recognizes revenues when earned and expenses when the obligations are incurred.

The fund method of accounting requires funds, such as operating funds and funds for future major repairs and replacements, to be classified separately for accounting and reporting purposes.

**Operating Fund**

This fund is used to account for financial resources available for the general operations of the Association.

**Replacement Fund**

This fund is composed of assessments paid by unit owners to fund future replacements, major repairs and purchases of additional commonly owned assets.

**Wisteria Park Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

Income Taxes

The Association has an option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code whereby non-exempt function income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net, non-function income, less \$100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2015, the corporation has elected to file under Section 528, resulting in no tax liability.

Interest Earned on Reserve Fund

The Association's policy is to include, as additional funding to reserve, any interest earned on reserve fund investments. For 2015, the amount of interest earned on reserve fund investments was \$407.

Commonly Owned Assets

The Association has the responsibility to preserve and maintain the commonly owned real property. The commonly owned real property includes property that is directly associated with the unit which includes property without which the units could not be occupied and exterior property that is normally part of a freestanding unit. Commonly owned assets also include the property that is not directly associated with the unit and is not necessary for the primary use of the unit, although individual unit owners may benefit from its use. Common property includes but is not limited to the pool, pool house, fences, walkways, paved areas, irrigation lines and systems.

The Association's policy is not to capitalize and depreciate the commonly owned assets as ownership is vested directly or indirectly in the unit owners and these assets are not deemed to be severable.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

**Wisteria Park Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

**NOTE 2 – MAINTENANCE FEES**

The Association bills common maintenance fees and supplemental fees, for those lots that receive additional landscaping services, in advance on a quarterly basis. Common maintenance fees for 2015 were \$606 per quarter of which \$65 was designated to fund the Association replacement fund. Quarterly supplemental fees for those lots that receive additional landscaping services were \$336 per quarter.

Accounts receivable from members totaled \$10,946 as of December 31, 2015. Management was made an assessment of the accounts receivable and determined that an allowance for doubtful accounts of \$10,946 was needed. Prepaid assessments from members totaled \$50,771 as of December 31, 2015.

The annual budget and assessments to owners are determined by the Board of Directors. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

**NOTE 3 – INCOME TAXES**

Effective January 1, 2009 the Association adopted Financial Accounting Standards Board Interpretation 48, Accounting For Uncertainty in Income Taxes (FASB Accounting Standards Codification 740, Income Taxes). In accordance with ASC 740, management has determined that the Association had no uncertain income tax positions that could have a significant effect on the Association's financial statement for the year ended December 31, 2015

As of the date of the financial statements, the Association's federal income tax returns for the years ended December 31, 2013, 2014, and 2015 are subject to examination by the Internal Revenue Service. These returns are open to examination generally for three years after they are filed.

**NOTE 4 – CONCENTRATIONS OF CREDIT RISK FOR CASH DEPOSITS**

The Association maintains cash balances at local financial institutions. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate. As of December 31, 2015, uninsured cash balances totaled \$21,418.

**Wisteria Park Homeowners Association, Inc.**  
**Notes To Financial Statements**  
**December 31, 2015**

**NOTE 5 - RESERVES FOR REPLACEMENTS AND REPAIRS**

The Association maintains a general reserve established by the Board of Directors which have not been established pursuant to Florida Statutes. Accordingly, Florida Statutes require the following to be disclosed.

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR THESE RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

The Association general reserve was funded by the membership during 2015 by \$36,750.

A summary of the general reserve follows:

Beginning Balance 1/1/15	\$	53,197
Member Funding		36,750
Interest Earned		407
Expenditures		
Boring Charge	\$	1,650
Lighting Project		<u>6,203</u>
		(7,853)
Ending Balance 12/31/15	\$	<u>82,501</u>

These reserve funds are based upon current estimates of future needs. Actual expenditures may vary from the estimated future expenditures and the variation may be material, therefore, amounts accumulated in the reserve fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**NOTE 6 - SPECIAL ASSESSMENT**

During 2015 the Board of Directors levied a special assessment of \$99 per lot on the 72 lots designated as "landscape maintenance services included". The assessment totaled \$7,128 and was to fund the prior year landscape services deficit.

**Wisteria Park Homeowners Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015**

NOTE 7 - COMMITMENTS

On September 12, 2012 the Association amended its bulk services agreement with a local cable service provider. The term of the agreement ends on June 30, 2018. The agreement called for an initial per unit fee of \$66.95 plus all applicable fees and taxes. The service provider has the right to increase the fee annually upon 30 days written notice. Such increase shall not exceed 60% of the the cable service providers then published residential retail rate of the same service, including equipment charges, provided to customers in unincorporated Manatee County.

<u>Year Ended December 31</u>	<u>Amount</u>
2016	\$ 121,127
2017	121,127
2018	<u>60,563</u>
	<u><u>\$ 302,817</u></u>

## **SUPPLEMENTARY INFORMATION**

**Wisteria Park Homeowners Association, Inc.**  
**Supplementary Schedule Of Expenses**  
**For The Year Ended December 31, 2015**

	Operating Fund	Replacement Fund	Total
<u>Administrative</u>			
Insurance	\$ 5,284	\$ -	\$ 5,284
Legal and accounting	6,210	-	6,210
Management fees	14,300	-	14,300
Telephone	603	-	603
Office supplies	1,191	-	1,191
Bad debt	3,010	-	3,010
Other	143	-	143
	<u>30,741</u>	<u>-</u>	<u>30,741</u>
<u>Grounds</u>			
Contract	35,175	-	35,175
Landscape common area	7,379	-	7,379
Landscape renewal & replacement	4,299	-	4,299
Mulch	11,184	-	11,184
Tree trimming	3,105	-	3,105
Irrigation	6,738	-	6,738
Waterway maintenance	4,140	-	4,140
Wetland monitor	250	-	250
Repairs and maintenance	268	-	268
	<u>72,538</u>	<u>-</u>	<u>72,538</u>
<u>Utilities</u>			
Irrigation water	14,169	-	14,169
Electric	5,397	-	5,397
Cable tv	120,529	-	120,529
	<u>140,095</u>	<u>-</u>	<u>140,095</u>
<u>Amenities</u>			
Pool contract	3,480	-	3,480
Pool repairs	5,977	-	5,977
Cabana/pool area	7,480	-	7,480
Pool permit	375	-	375
Common property repairs	2,486	-	2,486
Pressure washing	250	-	250
Pool heat	6,003	-	6,003
	<u>26,051</u>	<u>-</u>	<u>26,051</u>

Read Independent Accountant's Review Report

**Wisteria Park Homeowners Association, Inc.**  
**Supplementary Schedule of Expenses**  
**For the Year Ended December 31, 2015**

	Operating Fund	Replacement Fund	Total
<u>Landscape Maintenance Included</u>			
Grounds Contract	\$ 65,507	\$ -	\$ 65,507
Mulch	14,850	-	14,850
Tree trimming	2,145	-	2,145
Irrigation	11,027	-	11,027
Management fee	2,300	-	2,300
	<u>95,829</u>	<u>-</u>	<u>95,829</u>
 <u>Reserve Expenditures</u>	 <u>-</u>	 <u>7,853</u>	 <u>7,853</u>
 Total Expenses	 <u>\$ 365,254</u>	 <u>\$ 7,853</u>	 <u>\$ 373,107</u>

Read Independent Accountant's Review Report



**Wisteria Park Homeowners Association, Inc.**  
**Supplementary Information on Future**  
**Major Repairs and Replacements**  
**December 31, 2015**

Compiled

The Association had a formal reserve study conducted by an independent engineering firm in 2012. The following information regarding the estimated remaining life and estimated replacement costs are based upon that study. The study recommended funding the general reserve by \$24,400 for 2016. The Association's approved budget requires the reserves to be funded by \$36,750 for 2016.

<u>Reserve Component</u>	<u>Estimated Remaining Life</u>	<u>Estimated Cost to Replace</u>	<u>Balance at 12/31/2015</u>	<u>2016 Required Funding</u>
Property Site Elements	1-14 years	\$ 424,060	\$ -	\$ -
Pool and Spa Elements	1-14 years	204,767	-	-
General Reserve	N/A	-	82,501	36,750
Total		<u>\$ 628,827</u>	<u>\$ 82,501</u>	<u>\$ 36,750</u>

Read Independent Accountant's Review Report