

**Wisteria Park  
Homeowners' Association, Inc.**

**Independent Accountant's Review Report,  
Financial Statements  
and  
Supplementary Information**

**December 31, 2021**

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**Certified Public Accountants**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Wisteria Park Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements 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 these 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.

We are required to be independent of Wisteria Park Homeowners Association, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

**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.

**Supplementary Information**

The supplementary information in the schedule of operating fund expenses and replacement fund activity on pages ten (10) and eleven (11) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

**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 twelve (12) be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. 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. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

*Menchinger & Tyack CPAs, LLC*

July 20, 2022  
Curtiss Office  
Sarasota, Florida

**Wisteria Park Homeowners Association, Inc.**

Bradenton, Florida

**Balance Sheet**

December 31, 2021

**ASSETS**

	Operating Fund	Replacement Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 313,515	\$ 174,561	\$ 488,076
Assessments receivable	40	-	40
Due from other fund	359	-	359
Prepaid expenses	7,402	-	7,402
Other assets	<u>943</u>	<u>-</u>	<u>943</u>
 Total Assets	 <u>\$ 322,259</u>	 <u>\$ 174,561</u>	 <u>\$ 496,820</u>

**LIABILITIES AND FUND BALANCES**

**Liabilities**

Accounts payable	\$ 24,844	\$ -	\$ 24,844
Accrued expenses	38,653	-	38,653
Due to other fund	-	359	359
Prepaid member assessments	67,625	-	67,625
Contract liabilities (assessments received in advance - replacement fund)	<u>-</u>	<u>91,131</u>	<u>91,131</u>
 Total Liabilities	 <u>131,122</u>	 <u>91,490</u>	 <u>222,612</u>
 <b>Fund Balances</b>	 <u>191,137</u>	 <u>83,071</u>	 <u>274,208</u>
 Total Liabilities and Fund Balances	 <u>\$ 322,259</u>	 <u>\$ 174,561</u>	 <u>\$ 496,820</u>

See accompanying notes and independent accountant's review report.

**Wisteria Park Homeowners Association, Inc.**

Bradenton, Florida

**Statement of Revenues, Expenses and Changes in Fund Balances**

Year Ended December 31, 2021

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Member assessments	\$ 248,625	\$ -	\$ 248,625
Supplemental assessments	114,903	-	114,903
Interest	259	193	452
Late fees and other	<u>1,599</u>	<u>-</u>	<u>1,599</u>
Total Revenues	<u>365,386</u>	<u>193</u>	<u>365,579</u>
<b>Expenses</b>			
Administrative	32,521	-	32,521
Grounds	79,065	-	79,065
Utilities	98,415	-	98,415
Amenities	23,667	-	23,667
Supplemental lot expenses	113,331	-	113,331
Replacement fund	<u>-</u>	<u>17,122</u>	<u>17,122</u>
Total Expenses	<u>346,999</u>	<u>17,122</u>	<u>364,121</u>
Excess (Deficit) Revenues over Expenses	18,387	(16,929)	1,458
Beginning Fund Balances	<u>172,750</u>	<u>100,000</u>	<u>272,750</u>
Ending Fund Balances	<u>\$ 191,137</u>	<u>\$ 83,071</u>	<u>\$ 274,208</u>

See accompanying notes and independent accountant's review report.

**Wisteria Park Homeowners Association, Inc.**

Bradenton, Florida

**Statement of Cash Flows**

Year Ended December 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>			
Member assessments received	\$ 370,793	\$ 30,000	\$ 400,793
Interest received	259	193	452
Other receipts	1,599	-	1,599
Cash paid to suppliers and contractors	<u>(372,015)</u>	<u>(17,122)</u>	<u>(389,137)</u>
Net Cash Provided (Used) by Operating Activities	<u>636</u>	<u>13,071</u>	<u>13,707</u>
<b>Cash Flows From Financing Activities:</b>			
Change in due (to) from other fund	<u>648</u>	<u>(648)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>648</u>	<u>(648)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,284	12,423	13,707
Cash and Cash Equivalents - Beginning of Year	<u>312,231</u>	<u>162,138</u>	<u>474,369</u>
Cash and Cash Equivalents - End of Year	<u>\$ 313,515</u>	<u>\$ 174,561</u>	<u>\$ 488,076</u>

See accompanying notes and independent accountant's review report.

**Wisteria Park Homeowners Association, Inc.**

Bradenton, Florida

**Statement of Cash Flows**

Year Ended December 31, 2021

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Reconciliation of excess (deficit) revenues over expenses to net cash provided (used) by operating activities:			
Excess (deficit) revenues over expenses	\$ 18,387	\$ (16,929)	\$ 1,458
Adjustments to reconcile excess (deficit) revenues over expenses to net cash provided (used) by operating activities:			
Adjustments:			
Decrease (increase) in operating assets:			
Assessments receivable	945	-	945
Prepaid expenses	(1,112)	-	(1,112)
Other assets	(693)	-	(693)
Increase (decrease) in operating liabilities			
Accounts payable	(61,706)	-	(61,706)
Accrued expenses	38,653	-	38,653
Income tax payable	(158)	-	(158)
Contract liabilities	-	30,000	30,000
Prepaid member assessments	<u>6,320</u>	<u>-</u>	<u>6,320</u>
Total Adjustments	<u>(17,751)</u>	<u>30,000</u>	<u>12,249</u>
Net cash provided (used) by operating activities	<u>\$ 636</u>	<u>\$ 13,071</u>	<u>\$ 13,707</u>

See accompanying notes and independent accountant's review report.

**Wisteria Park Homeowners Association, Inc.**  
Bradenton, Florida

**Notes to the Financial Statements**  
December 31, 2021

**Note 1 – Nature of Organization and Management Review**

Nature of Organization

Wisteria Park Homeowners' Association, Inc. ("the Association") is a not-for-profit homeowner's association 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.

All policy decisions are formulated by the board of directors. Certain major decisions are referred to the general membership before action is taken.

Management Review

The Association has evaluated events and transactions for potential recognition or disclosure through July 20, 2022, the date the financial statements were available to be issued.

**Note 2 – Summary of Significant Accounting Policies**

Financial Statements

The financial statements and notes are the representations of the Association's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Fund Accounting

The Association's documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting, and prepares its financial statements on the accrual basis of accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

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

Replacement Fund - This fund is used to accumulate financial resources designated for future replacements, major repairs and purchase of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

Interest Earned on Replacement Fund

The Association's policy is to include in the replacement fund any interest earned on the replacement fund investments.

Allocation of Expenses

The allocation of general operating income and expense to unit owners, as indicated in the documents, is based on an equal share per lot.



**Wisteria Park Homeowners Association, Inc.**  
Bradenton, Florida

**Notes to the Financial Statements**  
December 31, 2021

**Note 2 – Summary of Significant Accounting Policies – continued**

Member Assessments

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

The quarterly assessments for 2021 were \$494 for the common property assessment and \$398 for the supplemental lots assessment for those lots that receive additional landscaping services. Total assessments collected were \$393,528 of which \$363,528 was designated for the operating fund and \$30,000 for the replacement fund. Excess assessments at year end are retained by the Association for use in the succeeding year.

Assessments receivable as of December 31, 2021 are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are delinquent. As of December 31, 2021, the Association had delinquent assessments of \$40. It is the opinion of the Board of Directors that the Association will ultimately prevail against the unit owners with delinquent assessments and, accordingly, an allowance for uncollectible accounts was deemed unnecessary.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$985 and \$40 respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the balance sheet and the statement of cash flows, the Association considers demand deposits with banks, certificates of deposit, money market funds and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Income Taxes

The Association has the 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 2021 the Association filed its tax return under Section 528.

FASB ASC 740, *Income Taxes*, sets forth standards for financial presentation and disclosure of income tax liabilities and expenses and clarifies the accounting for uncertainty in income taxes recognized. In accordance with FASB ASC 740, *Income Taxes*, the Association has evaluated its tax positions and determined that the Association has no uncertain income tax positions that could have a material effect on the financial statements.

**Wisteria Park Homeowners Association, Inc.**  
Bradenton, Florida

**Notes to the Financial Statements**  
December 31, 2021

**Note 2 – Summary of Significant Accounting Policies – continued**

Income Taxes - continued

As of the date of the financial statements, the Association's federal income tax returns for 2019, 2020 and 2021 are subject to examination by the Internal Revenue Service. These returns are open to examination generally for three years after they were filed.

Property and Equipment

The Association has the responsibility to preserve and maintain the commonly owned real property. The Association's policy is not to capitalize and depreciate the commonly owned real property as ownership is vested directly in the lot owners and these assets are not deemed to be severable. Common property includes but is not limited to the pool, pool house, fences, walkways, paved areas, irrigation lines and systems, playground, and gazebo.

Contract Liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement fund assessments. The balance of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year were \$61,131 and \$91,131, respectively.

**Note 3 – Concentrations**

Financial instruments that potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents and member assessments receivable. The Association invests its excess cash and cash equivalents in both deposits and short-term liquid money market instruments with local financial institutions and the carrying value approximates fair value. At times, cash balances may be in excess of Federal Deposit Insurance Corporation ("FDIC") insurance limits. As of December 31, 2021, the Association had \$0 in excess of FDIC insured limits.

All revenues are generated from unit owners of a single residential community located in a small geographic area. A loss of revenue could disrupt operations and have a severe impact on the Association.

**Note 4 – Future Major Repairs and Replacements**

The Association's accumulates funds for future major repairs and replacements. Accumulated funds, which aggregate \$174,202, and are presented on the accompanying balance sheet as contract liabilities of \$91,131 and fund balance of \$83,071 at December 31, 2021. These funds are held in a separate bank account and generally are not available for expenditures for normal operations.

The Board of Directors updates the replacement fund study on an annual basis to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates used by the Board are derived from a formal replacement fund study conducted in 2012 and updated in 2017. The Board is calculating funding for major repairs and replacements over the remaining useful lives of the replacement fund components based on the study's estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. The 2022 budget includes funding of \$30,000 for the replacement fund. The 2022 funding requirement is \$32,000.

**Wisteria Park Homeowners Association, Inc.**  
Bradenton, Florida

**Notes to the Financial Statements**  
December 31, 2021

**Note 4 – Future Major Repairs and Replacements - continued**

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 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.

Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, to increase regular assessments, levy special assessments, or it may delay major repairs and replacements until funds are available.

**Note 5 - Contingencies**

The Association's current windstorm policy includes a 2% deductible clause. Based on the insured value of the buildings and other common structures of approximately \$131,000, the first 2% or approximately \$2,600 in damages caused by a windstorm as defined in the insurance policy would be the responsibility of the Association.

At times, the Association is involved in disputes or litigation with owners, suppliers and others in the normal course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Association's financial position, liquidity or results of operations.

**Note 6 – Risks and Uncertainties**

The financial impact of the novel coronavirus ("COVID 19"), on the operations and cash flows of the Association is uncertain. The spread of COVID 19 and the continuing developments surrounding the global pandemic continue to have negative impacts on the economy and may have an impact on member's ability to meet future assessment obligations.

**Note 7 - Commitments**

Cable

Effective March 23, 2018, the Association entered into a bulk service agreement for cable with a local service provider. The term of the agreement ends on May 14, 2023. The agreement will automatically renew for successive one (1) year periods unless either party provides one hundred and twenty (120) days written notice prior to the expiration of the term. The service provider has the right to increase the fee up to 5% per year as further defined in the contract.

Based on current costs and excluding increases, future minimum payments under this agreement as of December 31 are as follows:

Year	
2022	\$ 83,424
2023	34,760
Thereafter	<u>                  -</u>
Total	<u>\$ 118,184</u>

## **SUPPLEMENTARY INFORMATION**

**Wisteria Park Homeowners Association, Inc.**

Bradenton, Florida

**Supplementary Schedule of Operating Fund Expenses**

Year Ended December 31, 2021

	<u>Operating Fund</u>
<b>Administrative</b>	
Insurance	\$ 9,991
Legal and accounting	3,211
Management fees	15,506
Office supplies and other	2,813
Bad debt	<u>1,000</u>
Total Administrative	<u>32,521</u>
<b>Grounds</b>	
Grounds contract	50,407
Landscape renewal and replacement	10,872
Mulch	3,000
Tree trimming	4,075
Irrigation	6,168
Waterway maintenance	<u>4,543</u>
Total Grounds	<u>79,065</u>
<b>Utilities</b>	
Irrigation water	11,282
Electric	3,992
Cable TV	<u>83,141</u>
Total Utilities	<u>98,415</u>
<b>Amenities</b>	
Pool contract	4,800
Pool repairs	2,271
Cabana and pool area	7,726
Pool permit	376
Common property repairs	2,868
Pool heat	<u>5,626</u>
Total Amenities	<u>23,667</u>
<b>Supplemental Lot Expenses</b>	
Grounds contract	79,712
Mulch	16,500
Tree trimming	7,854
Irrigation	6,771
Management fee	<u>2,494</u>
Total Supplemental Lot Expenses	<u>113,331</u>
Total Operating Expenses	<u>\$ 346,999</u>

See independent accountant's review report.

**Wisteria Park Homeowners Association, Inc.**  
 Bradenton, Florida

**Supplementary Schedule of Replacement Fund Activity**  
 Year Ended December 31, 2021

	<u>1/1/21</u>	<u>Member Assessment</u>	<u>Revenue Recognized</u>	<u>Interest</u>	<u>Expenses</u>	<u>12/31/21</u>
Contract liabilities	<u>\$ 61,131</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,131</u>
Fund balance	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 193</u>	<u>\$ (17,122)</u>	<u>\$ 83,071</u>

**Replacement fund expenses consist of the following:**

Landscape	\$ 4,509
Entrance and wall sign	7,612
Trellis	4,280
Fence	<u>721</u>
Total expenses	<u>\$ 17,122</u>

See independent accountant's review report.

**Wisteria Park Homeowners Association, Inc.**

Bradenton, Florida

**Supplementary Information on Future Major Repairs and Replacements**

December 31, 2021

**(Unaudited)**

The Association had a formal reserve study conducted by an independent engineering firm in 2012 and updated in 2017. 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 \$32,000 for 2022. The Association's budget requires the reserves to be funded \$30,000 for 2022.

<u>Reserve Component</u>	<u>Estimated Remaining Life</u>	<u>Estimated Cost to Replace</u>	<u>Balance at 12/31/2021</u>	<u>2022 Funding Requirement</u>
Property Site Elements	0-26	466,375	-	-
Pool and Spa Elements	0-10	75,300	-	-
General Reserve	N/A	<u>-</u>	<u>174,202</u>	<u>32,000</u>
		<u>\$ 541,675</u>	<u>\$ 174,202</u>	<u>\$ 32,000</u>

Read note 4

See independent accountant's review report.