

**MISSIONWOOD AT MIRAMAR
CONDOMINIUM ASSOCIATION, INC.
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

TABLE OF CONTENTS

| | PAGE(S) |
|---|----------------|
| Independent Auditors' Report..... | 1 |
| FINANCIAL SECTION | |
| Balance Sheet..... | 3 |
| Statement of Revenues, Expenses and Changes in Fund Balance | 4 |
| Statement of Cash Flows | 5-6 |
| Notes to Financial Statements..... | 7-14 |
| ADDITIONAL INFORMATION | |
| Schedule of Future Repairs and Replacements | 15 |



PARTNERS
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Independent Auditors' Report

To the Board of Directors
Missionwood at Miramar Condominium Association Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Missionwood at Miramar Condominium Association, Inc. (the "Association") as of December 31, 2020, 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missionwood at Miramar Condominium Association, Inc. as of December 31, 2020 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements 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, who 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BAS Partners LLC

Pembroke Pines, Florida
March 17, 2021

**MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2020**

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|--|---------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash | \$ 253,672 | \$ 808,519 | \$ 1,062,191 |
| Assessments receivables net of allowance for bad debts (\$63,562) | 8,997 | | 8,997 |
| Prepaid insurance | 44,945 | | 44,945 |
| Prepaid expense | - | | - |
| Due from operating fund | - | | - |
| TOTAL ASSETS | \$ 307,614 | \$ 808,519 | \$ 1,116,133 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable & accrued expenses | \$ 15,926 | | \$ 15,926 |
| Prepaid assessments | 38,574 | | 38,574 |
| Security deposits | 10,779 | | 10,779 |
| Due to replacement funds | - | | - |
| TOTAL LIABILITIES | 65,279 | - | 65,279 |
| FUND BALANCES | 242,335 | 806,519 | 1,050,854 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 307,614 | \$806,519 | \$1,116,133 |

The accompanying notes are an integral part of these financial statements

**MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|---|---------------------------|-----------------------------|---------------------|
| REVENUES | | | |
| Assessments | \$ 645,211 | \$ 95,097 | \$ 740,308 |
| Fees | - | | - |
| Interest income | 212 | - | 212 |
| Rental income | 23,600 | | 23,600 |
| Other income | 11,713 | | 11,713 |
| TOTAL REVENUES | <u>680,736</u> | <u>95,097</u> | <u>775,833</u> |
| EXPENSES | | | |
| Management fees | 30,000 | | 30,000 |
| Salaries and wages | 141,734 | | 141,734 |
| Professional fees | 29,217 | | 29,217 |
| Insurance | 170,562 | | 170,562 |
| License and fees | 1,745 | | 1,745 |
| Electricity | 12,366 | | 12,366 |
| Telephone | 1,996 | | 1,996 |
| Water and sewer | 2,285 | | 2,285 |
| Repairs and maintenance | 296,141 | - | 296,141 |
| Printing and postage | 3,720 | | 3,720 |
| Administration | 8,166 | | 8,166 |
| TOTAL EXPENSES | <u>697,932</u> | <u>-</u> | <u>697,932</u> |
| REVENUES OVER (UNDER) EXPENSES | <u>(17,196)</u> | <u>95,097</u> | <u>77,901</u> |
| FUND BALANCE - BEGINNING OF PERIOD | <u>259,531</u> | <u>713,422</u> | <u>972,953</u> |
| FUND BALANCE - END OF PERIOD | <u>\$ 242,335</u> | <u>\$ 808,519</u> | <u>\$ 1,050,854</u> |

The accompanying notes are an integral part of these financial statements

**MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|--|---------------------------|-----------------------------|---------------------|
| Cash Flows From Operating Activities: | | | |
| Member assessments collected | \$ 645,211 | \$ 95,097 | \$ 740,308 |
| Fees | - | | - |
| Interest income | 212 | | 212 |
| Rental income | 23,600 | | 23,600 |
| Other income | 11,713 | | 11,713 |
| Cash paid for operating expenses | (753,090) | 26,592 | (726,498) |
| Net cash provided by (used in) operating activities | <u>(72,354)</u> | <u>121,689</u> | <u>49,335</u> |
| Net increase (decrease) in cash and cash equivalents | (72,354) | 121,689 | 49,335 |
| Cash - Beginning of Year | 326,026 | 686,830 | 1,012,856 |
| Cash - End of Year | <u>\$ 253,672</u> | <u>\$ 808,519</u> | <u>\$ 1,062,191</u> |

The accompanying notes are an integral part of these financial statements

**MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|--|---------------------------|-----------------------------|----------------------------|
| Cash Flows From Operating Activities: | | | |
| Revenues over (under) expenses | \$ (17,196) | \$ 95,097 | \$ 77,901 |
| Adjustments to reconcile revenues over (under) expenses to net cash provided by operating activities: | | | |
| (Increase) decrease in: | | | |
| Assessment receivables | 885 | | 885 |
| Prepaid insurance | (9,009) | | (9,009) |
| Prepaid expense | (960) | | (960) |
| Due from operating fund | (26,592) | | (26,592) |
| Increase (decrease) in: | | | |
| Accounts payable & accrued expenses | 2,032 | | 2,032 |
| Prepaid assessments | 1,750 | | 1,750 |
| Insurance payable | (23,264) | | (23,264) |
| Due to replacement fund | | 26,592 | 26,592 |
| | <hr/> | <hr/> | <hr/> |
| Net Cash Provided by (used for) Operating Activities | (72,354) | 121,689 | 49,335 |
| Cash - Beginning of Year | 326,026 | 686,830 | 1,012,856 |
| Cash - End of Year | <u><u>\$ 253,672</u></u> | <u><u>\$ 808,519</u></u> | <u><u>\$ 1,062,191</u></u> |

The accompanying notes are an integral part of these financial statements

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 – Nature of Organization

Missionwood at Miramar Condominium Association, Inc. (the Association) was organized in February, 1974 as a Florida not for profit corporation to administer a 240 residential unit condominium complex located in Miramar, Florida. The Association's responsibility is to preserve and maintain the common property.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

Fund Accounting – The Association's governing 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. 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 as needed for future major repairs and replacements.

Interest Earned – Interest income is allocated to the operating and replacement fund in proportion to the interest bearing deposits of each fund.

Accrual Basis of Accounting – These financial statements have been prepared on the accrual basis of accounting which recognizes revenues when assessed or earned and expenses when incurred.

Cash and Cash Equivalents – Cash in bank represents demand deposits, money market accounts are considered cash equivalents by the Association for purpose of the Statement of Cash Flows since all funds are highly liquid.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 2 – Summary of Significant Accounting Policies (cont'd)

Recognition of Assets – Real property and common area property is not capitalized on the Association's financial statements as it is owned by the individual unit owners in common and is not saleable by the Association's board of directors. Personal property purchased with the Association's funds is capitalized at cost and depreciated over its estimated useful life using the straight line method of depreciation.

Prepaid Expenses – These amounts consist of expenses paid in the current year which will provide benefit in the subsequent year.

Interest Income – These amounts are recorded in the applicable fund when earned.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 3 – Owner's Assessments

The annual budget and assessments of the 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 Cash

The Association maintains its cash and cash equivalents balances at various financial institutions and the accounts are secured by the Federal Insurance Deposit Corporation up to \$250,000. As at December 31, 2020 there was approximately \$95,409 above the Federal Insurance Deposit Corporation's in one of the Association's bank account.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Note 5 – Fair Value Measurements

The Association reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available the Association measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the Association financial statements is the initial measurement of accounts receivable and provision for doubtful debts.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Note 6 – Income Taxes

The Association files its income tax return as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that section, the Association is not taxed on uniform assessment to unit owners and other income received from Association unit owners solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its nonexempt function income, which includes interest income, less a portion of allocated Association expenses. The Association had no tax due for the year ended December 31, 2020.

The Association's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Association remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty income taxes and the Association adopted this guidance. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Note 7 – Assessment Receivables

Assessments receivable are carried at the original charge amount less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a monthly basis.

The Association utilizes an allowance to recognize the future potential uncollectible assessments receivable. This reserve is calculated on the estimated percentage of potentially uncollectible accounts 90 days or more overdue. The Association's policy is to charge late fees to owner balances that are more than 10 days past due. It is the Association's policy to retain legal counsel and place liens on the units of members whose assessments are delinquent for three months.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 7 – Assessment Receivables (Continued)

As of December 31, 2020, an analysis of assessment receivables is as follows:

| | |
|---------------------------------------|-----------------|
| Assessment receivable | \$ 48,815 |
| Less: Allowance for doubtful accounts | <u>(39,818)</u> |
| Assessments receivable, net | <u>\$ 8,997</u> |

Note 8 – Future Major Repairs and Replacements

The Association governing documents and the Florida statutes require that funds be accumulated for 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 has the right to increase regular assessments, or delay major repairs and replacements until funds are available.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 8 – Future Major Repairs and Replacements (Continued)

Activity in the replacement fund for the year ending December 31, 2020 is as follows:

| | Balance 12/31/2019 | Additions | Charges | Transfer | Balance 12/31/2020 |
|-----------------------------|-------------------------------|------------------|----------------|-----------------|-------------------------------|
| Building Painting | \$ 144,843 | \$ 17,031 | \$ - | \$ - | \$ 161,874 |
| Roof replacement | 335,010 | 48,800 | - | - | 383,810 |
| Road resurfacing | 181,538 | 769 | - | - | 182,307 |
| Repairs and replacements | 40,000 | 20,000 | - | - | 60,000 |
| Truck replacement | 8,030 | 1,543 | - | - | 9,573 |
| Interest | 4,001 | 6,954 | - | - | 10,955 |
| Totals | \$ 713,422 | \$ 95,097 | \$ - | \$ - | \$ 808,519 |

Note 9 – Windstorm Deductible

The Association's insurance policy for windstorm contains a deductible. The Association is responsible for losses up to this amount which is estimated at \$1,207,500. This represents 3% of the insured value of \$24,150,100. The Association has the right to increase assessments, pass special assessments, obtain loans or delay repairs and replacements until funds are available.

Note 10– Due from Operating Fund/Due to Replacement Fund

The Due from Operating Fund/ Due to Replacement Fund reflects an amount of \$0 by which the reserves are under funded. The Association may increase assessments, pass a special assessment or have a unit owner vote to reallocate the reserves.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Note 11 – Concentration of Risk

The Association's assessments receivable contains large amounts due from units in foreclosure and/or bankruptcies. If the Association faces cash flow shortages as a result of this, it may increase assessments, pass special assessments obtain loans or delay major repairs and replacements until funds are available.

Note 12 – Accounting for Uncertainty in Income Taxes

The FASB ASC interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance, classification, interest and penalties, accounting in interim periods, disclosure and transition.

This interpretation must be applied to all existing tax positions. The cumulative effect, if any, is to be reported as an adjustment to operating net assets. This interpretation will require the association to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and state taxes. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). The Association has no examination in progress.

Note 13 – Risks and Uncertainties

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Association, its performance, and its financial results.

MISSIONWOOD AT MIRAMAR CONDOMINIUM ASSOCIATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 14 – Subsequent Events

The Association did not have any other subsequent events through March 18, 2021, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2020.

Supplementary Information

**Missionwood at Miramar Condominium Association Inc. Supplementary
Information on Future Major Repairs and Replacements
Supplementary Information on Future Major Repairs and Replacements
For the Year Ended December 31, 2020**

In 2020, when preparing the 2021 budget, the Board of Directors of the Association estimated the remaining useful lives and the replacement costs of the components of common property.

The following table is based on these estimates and presents significant information about the components of common property.

| Component | Estimated Useful Remaining Life (Years) | Estimated Current Replacement Cost | Replacement Balance at December 31, 2020 | 2020 Funding Per Budget |
|-----------------------|--|---|---|--------------------------------|
| Roof Replacement | 6 | \$ 580,000 | \$ 383,810 | \$ 49,047 |
| Building Painting | 6 | 230,000 | 161,874 | 17,031 |
| Paving | 12 | 190,000 | 182,306 | 769 |
| Truck Replacement | 12 | 25,000 | 9,573 | 1,543 |
| Repairs & Replacement | 4 | 100,000 | 60,000 | 20,000 |
| Interest | N/A | - | - | |
| Totals | | \$ 1,125,000 | \$797,563 | \$88,390 |