Country Club Tower of Coral Springs Condominium Association, Inc.

Financial Statements

December 31, 2017

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MASTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Country Club Tower of Coral Springs Condominium Association, Inc.
Coral Gables, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Country Club Tower of Coral Springs Condominium Association, Inc., which comprise the Balance Sheet as of December 31, 2017, and the related Statement of Revenues, Expenses and Changes in Fund Balance (Deficit), 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from 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.

We believe that the audit evidence we have 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 Country Club Tower of Coral Springs Condominium Association, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information contained in Schedule of Operating Expenses, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 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.

Master And Company, P.A.

Davie, FL

March 27, 2018

Country Club Tower of Coral Springs Condominium Association, Inc.

Balance Sheet

December 31, 2017

	Operating Fund	Replacement Fund	Total
Assets			
Cash and Cash Equivalents	$ 176,682	$ 254,010	$ 430,692
Cash and Cash Equivalents - Lease Deposits	62,620	-	62,620
Certificates of Deposit	-	910,864	910,864
Assessments Receivable	831	-	831
Prepaid Insurance	127,755	-	127,755
Due from Operating Fund	-	5,152	5,152
Due to Replacement Fund	(5,152)	-	(5,152)
Total Assets	$ 362,736	$ 1,170,026	$ 1,532,762
Liabilities and Fund Balance (Deficit)			
Liabilities			
Accounts Payable and Accrued Expenses	$ 14,624	$ -	$ 14,624
Prepaid Assessments	2,560	-	2,560
Security Deposits	62,431	-	62,431
SBA Hurricane Loan Payable	364,565	-	364,565
Deferred Cable Contract Income	7,000	-	7,000
Income Tax Liability	283,146	-	283,146
Insurance Payable	116,529	-	116,529
Total Liabilities	850,855	-	850,855
Fund Balance (Deficit)	(488,119)	1,170,026	681,907
Total Liabilities and Fund Balance (Deficit)	$ 362,736	$ 1,170,026	$ 1,532,762

The accompanying notes are an integral part of these financial statements.

Country Club Tower of Coral Springs Condominium Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balance (Deficit)

For the Year Ended December 31, 2017

	Operating Fund	Replacement Fund	Total
Revenues			
Maintenance Assessments	$ 762,605	$ 19,800	$ 782,405
Cable	95,247	-	95,247
Laundry	21,120	-	21,120
Antenna Lease Sale	974,333	-	974,333
Antenna Rental Fees	32,524	-	32,524
Interest	2,010	6,212	8,222
Other Income	3,512	-	3,512
Sales and Lease Fees	7,585	-	7,585
Work Orders	13,283	-	13,283
Total Revenues	1,912,219	26,012	1,938,231
Expenses			
Administrative	320,077	-	320,077
Insurance	132,535	-	132,535
Maintenance	253,689	-	253,689
Payroll	306,342	-	306,342
SBA Loan Interest	15,290	-	15,290
Utilities	189,649	-	189,649
Reserve Expenditures	-	60,246	60,246
Total Expenses	1,217,582	60,246	1,277,828
Excess (Deficiency) of Revenues Over Expenses	694,637	(34,234)	660,403
Fund Balance (Deficit) - Beginning of Year	(247,977)	269,481	21,504
Transfers	(934,779)	934,779	-
Fund Balance (Deficit) - End of Year	$ (488,119)	$ 1,170,026	$ 681,907

The accompanying notes are an integral part of these financial statements.

Country Club Tower of Coral Springs Condominium Association, Inc.

Statement of Cash Flows

For the Year Ended December 31, 2017

	Operating Fund	Replacement Fund	Total
Cash Flows from Operating Activities			
Excess (Deficiency) of Revenues Over Expenses	$ 694,637	$ (34,234)	$ 660,403
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	3,730	-	3,730
Decrease (Increase) in:			
Assessments Receivable	5,664	-	5,664
Prepaid Insurance	(6,675)	-	(6,675)
Other Assets	1,295	-	1,295
Increase (Decrease) in:			
Accounts Payable and Accrued Expenses	(1,451)	-	(1,451)
Prepaid Assessments	2,560	-	2,560
Security Deposits	9,000	-	9,000
Deferred Cable Contract Income	(1,000)	-	(1,000)
Income Tax Liability	283,146	-	283,146
Insurance Payable	6,121	-	6,121
Net Cash Provided by (Used in) Operating Activities	997,027	(34,234)	962,793
Cash Flows from Investing Activities			
Certificates of Deposit Purchase	-	(689,748)	(689,748)
Net Cash (Used in) Investing Activities	-	(689,748)	(689,748)
Cash Flows from Financing Activities			
Interfund Borrowings	(10,581)	10,581	-
Interfund Transfers	(934,779)	934,779	-
Repayments of long-term borrowings	(13,701)	-	(13,701)
Net Cash Provided by (Used in) Financing Activities	(959,061)	945,360	(13,701)
Net Increase in Cash and Cash Equivalents	37,966	221,378	259,344
Cash and Cash Equivalents - Beginning of Year	201,336	32,632	233,968
Cash and Cash Equivalents - End of Year	$ 239,302	$ 254,010	$ 493,312
Supplemental Cash Flow Disclosure:			
Cash Paid for Income Taxes, Net	$ 7,457	$ -	$ 7,457
Cash Paid for Interest	$ 15,290	$ -	$ 15,290

The accompanying notes are an integral part of these financial statements.

Country Club Tower of Coral Springs Association, Inc.
Notes to Financial Statements
December 31, 2017

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization – Country Club Tower of Coral Springs Association, Inc. (Association) is a statutory condominium association incorporated as a not-for-profit corporation in the State of Florida on July 24, 1975. The Association is responsible for the operation and maintenance of the common areas of the community located in Coral Springs, Florida and consists of 209 residential units.

2. Fund Accounting – The Association uses fund accounting which requires that funds such as the operating fund and the fund 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 may be made only for their designated purposes.

3. Use of Estimates in the Preparation of Financial Statement – 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. Member Assessments – Member assessments are billed quarterly based upon their proportionate share of ownership and recognized as revenue on a pro rata basis over the period covered by the billing. Member assessments are based upon estimates of amounts necessary to provide funds for the Association's operating expenses and future major repairs and replacements. Any excess assessments at year end are retained by the Association for reduction of member assessments in future years. Assessments receivable from members are reported at the outstanding balance due from the members. It is the Association's policy to retain legal counsel and place liens on the units of members whose assessments are delinquent.

5. Interest Income – The Board of Directors' policy is to allocate to the operating and replacement funds all interest earned on their respective cash accounts.

6. Income Taxes – In 2017, the Association plans to elect to file as a homeowners' association in accordance with Internal Revenue Service Code section 528. Under this section, the Association excludes from taxation exempt function income, which generally consists of revenue from assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses. Income tax expense totals $291,898 for the year ended December 31, 2017.

7. Concentration of Credit Risk – Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and cash equivalents and assessments receivable. The Association deposits its excess cash and cash equivalents with one major financial institution and the carrying value approximates market value. As of December 31, 2017, the Association had $225,483 in excess cash over the $250,000 FDIC coverage limit. The Association has not experienced losses related to these deposits. The Association believes it is not exposed to any significant credit risk on member assessments receivable.

8. Recognition of Assets – Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

9. Cash and Cash Equivalents – For purposes of the December 31, 2017 balance sheet and statement of cash flows for the year then ended, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

10. Fair Value of Financial Instruments – The carrying amounts of cash, receivables, and payables approximate their fair values due to their short-term maturities.

NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Comprehensive Income – ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2017, there were no items that qualify as comprehensive income.

12. Revenue Recognition – Regular assessments to members are recognized as revenue during the period for which they are assessed. Assessments received in advance of this period are reported as prepaid assessments on the balance sheet.

NOTE B – REPLACEMENT FUND

The Association's governing documents and Florida statutes require that funds be accumulated for future major repairs and replacements. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

In 2017 when preparing the 2018 budget, the Board of Directors estimated the remaining useful lives and the replacement costs of the components of common property. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on these estimates.

The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the estimates of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the funding requirement of $19,800 has been included in the 2018 budget.

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, pass special assessments, or delay major repairs and replacements until funds are available.

The activity in the replacement fund was as follows:

Components	Balance 1/1/2017	Additions	Expenditures	Transfers	Balance 12/31/2017
Painting	$ 14,220	$ 9,750	$ (1,345)	$ -	$ 22,625
Paving	5,795	1,500	-	-	7,295
Plumbing	162	6,950	(15,456)	-	(8,344)
Roof	2,900	1,600	(1,718)	-	2,782
Windstorm	243,859	-	(41,727)	(39,554)	162,578
Contingency	-	-	-	974,333	974,333
Interest	2,545	6,212	-	-	8,757
Total	$ 269,481	$ 26,012	$ (60,246)	$ 934,779	$ 1,170,026

Florida Statute requires that replacement funds be accounted for separately and be fully funded. The Due to Replacement Fund reflects an amount of $5,152, by which the reserves are underfunded.

NOTE C – CABLE REBATE INCOME

During 2013, the Association received $12,000 as consideration for the Association entering into twelve (12) year Services Agreement with the Company. As of December 31, 2017, $7,000 had been recorded as a deferred cable income and will be recognized as revenue during the term of agreement.

NOTE D – CERTIFICATES OF DEPOSIT

At December 31, 2017, the Association had $910,864 in certificate of deposits with varying interest and maturity dates. It is the intent of the Association to hold all certificates until maturity. If a certificate was to be liquidated prior to maturity, it would be subject to market fluctuations and possible early withdrawal penalties.

NOTE E – SBA LOAN PAYABLE

On March 2, 2006, the Association borrowed $480,000 from the U.S. Small Business Administration for repairs to property damaged or destroyed by Hurricane Wilma. The note is due in equal monthly installments of $2,416, including interest, at a rate of 4%, beginning March 2, 2007 with a maturity date of March 2, 2036. Pursuant to the loan agreement, SBA Loan Payment has been added as a line item to the budget, valued large enough to ensure adequate funding. The note is collateralized by a security interest in all rights of the Association to receive and collect proceeds arising pursuant to any and all special assessments and any other assessments levied by the Association to amortize and repay the loan. As of December 31, 2017, the balance payable on the note was $364,565.

Maturities of the debt for each of the next five years are as follows:

2018	$ 13,749
2019	14,346
2020	14,968
2021	15,618
2022	16,295
Thereafter	289,589
	$ 364,565

Interest expense was $15,290 for the year ended December 31, 2017.

NOTE F – PROCEEDS FROM SALE OF TELELCOMMUNICATIONS LEASE

On January 26, 2017, the Association sold an existing telecommunications lease, all rights and modifications for consideration of $974,333. The total amount has been agreed by the Board to be spent on future replacement fund expenditures.

NOTE G – FUND TRANSFERS

A fund balance transfer of $934,779 was recorded to allocate the net of proceeds received from the sale of the telecommunications lease in the amount of $974,333, discussed in Note F, and $39,554 of replacement fund expenditures previously designated to the operating fund.

NOTE H – WINDSTORM INSURANCE

The insurance policy for windstorm coverage renewed December 27, 2017. The deductible amount for named hurricane storms is estimated at $1,346,285 which represents 5% of the insured value of the residential building, which is estimated to be $26,925,694.

NOTE I – DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 27, 2018, the date that the financial statements were available to be issued.

NOTE J – UNCERTAINTIES FOR INCOME TAXES

Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities. The Association has no income tax returns under examination by the Internal Revenue Service. However, the Association's Federal Income tax returns for 2015, 2016 and 2017 are subject to examination, generally for three years after they are filed.

NOTE K – COMMITMENTS

The Association has entered into several contracts with various services providers to maintain the common property. These contracts include, but are not limited to, pool cleaning, landscape and maintenance of common area grounds, and water service. Each contract differs in expiration, renewal and terms.

Supplementary Information

Country Club Tower of Coral Springs Condominium Association, Inc.

Supplementary Information on Future Major Repairs and Replacements

December 31, 2017

(Unaudited)

In 2017, when preparing the 2018 budget, the Board of Directors estimated the remaining useful lives and the replacement cost of the components of common property. The following table is based on those estimates and presents significant information about the components of common property:

Component	Estimated Remaining Useful Life	Estimated Replacement Cost	Replacement Fund Balance 12/31/2017
Administration Offices	14	$ 10,000	$ -
Air Conditioner 12	2	40,000	-
Air Conditioner Lounge and Lobby	2	21,000	-
Boiler	3	8,000	-
Carpeting	1	155,000	-
Cooling Tower	18	110,000	-
Elevators - 3	28	555,000	-
Fire Equipment and Monitoring	9	110,000	-
Fire Pump	9	29,000	-
Generator	29	75,000	-
Hot Water Heaters	2	5,500	-
Laundry Equipment	7	58,000	-
Lounge and Lobby	6	35,500	-
Painting	1	260,000	22,625
Paving	24	150,000	7,295
Plumbing		-	(8,344)
Pool and Tennis	3	30,000	-
Pumps - 3 Main	3	9,000	-
Roof	1	60,000	2,782
Roof Exhaust Fans	3	14,000	-
Tools and Equipment	2	25,000	-
Trash Compactor	14	17,000	-
Water Piping	5	80,000	-
Windstorm		-	162,578
Contingency		-	974,333
Interest		-	8,757
Total		$ 1,857,000	$ 1,170,026

Country Club Tower of Coral Springs Condominium Association, Inc.

Schedule of Operating Expenses

For the Year Ended December 31, 2017

Administrative	
Application Expenses	$ 3,025
Federal and State Income Tax	291,898
Licenses, Permits and Fees	810
Meeting Expense	572
Miscellaneous	5,655
Office Supplies	5,826
Professional Fees	8,561
Total Administrative	316,347
Insurance	
Insurance	122,267
Workman's Compensation	10,268
Total Insurance	132,535
Maintenance	
Cable Television	90,954
Cleaning Supplies	7,876
Contingency	15,529
Electrical Supplies	1,637
Elevator Contract	9,600
Fire Testing	6,310
Landscaping	6,084
Lawncare	12,406
Monitoring Equipment	3,896
Pest Control	5,011
Pool Supplies	2,041
Refuse Collection	5,374
Repairs and Maintenance	44,875
Replacements and Improvements	33,751
Small Tools	1,559
Tree Trimming	3,400
Uniforms	581
Water Tower Service	2,805
Total Maintenance	253,689

Country Club Tower of Coral Springs Condominium Association, Inc.

Schedule of Operating Expenses

For the Year Ended December 31, 2017

Payroll	
Maintenance Porters	109,959
Maintenance Supervisor	42,080
Payroll Taxes and Processing	25,187
Secretary	33,293
Security	95,823
Total Payroll	306,342
Utilities	
Electricity	74,943
Fuel and Gas	2,421
Telephone	6,626
Water and Sewer Service	105,659
Total Utilities	189,649
SBA Loan Interest	15,290
Total Operating Expenses	$ 1,213,852