

Country Club Tower of Coral Springs Association, Inc.

Financial Statements

December 31, 2020 & December 31, 2019

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MICHAEL B. MOSKOWITZ C.P.A.

▪ Accounting & Tax Services ▪

Independent Auditor's Report

Board of Directors
Country Club Tower of Coral Springs Association, Inc.
10777 W. Sample Road
Coral Springs, FL 33065

Dear Board of Directors:

Opinion

I have audited the financial statements of Country Club Tower of Coral Springs Association, Inc. ("Country Club Tower") which comprise the Balance Sheet as of December 31, 2020, and December 31, 2019, and the related Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit), and Statement of Cash Flows for the years then ended, and the related Notes to the Financial Statements. In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Country Club Tower as of December 31, 2020, and December 31, 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (US-GAAP).

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). I am required to be independent of Country Club Tower and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US-GAAP, and for 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 Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high

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level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I:

- Exercised professional judgment and maintained professional skepticism throughout the audit.
- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Country Club Tower's internal control. Accordingly, no such opinion is expressed.
- Evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluated the overall presentation of the financial statements.
- Concluded whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Country Club Tower's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Michael Moskowitz CPA

Michael B. Moskowitz, CPA
FL License: AC34608

Fort Lauderdale, FL
August 20, 2021

Country Club Tower of Coral Springs Association, Inc.
Balance Sheet - Operating Fund
December 31, 2020 & December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
<u>ASSETS</u>		
Assets:		
Cash	\$ 51,294	\$ 79,636
Cash - Lease Deposits	54,343	67,648
Accounts Receivable (Member Assessments)	261,189	242,742
Due to Replacement Fund	-	(6,936)
Total Assets	<u>\$ 366,826</u>	<u>\$ 383,090</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Accounts Payable	\$ 43,720	\$ 11,287
Lease Deposits	53,240	67,192
SBA Hurricane Loan Payable	352,059	356,859
Deferred Income - Cable Contract	4,000	5,000
Total Liabilities	<u>\$ 453,018</u>	<u>\$ 440,338</u>
Fund Balance (Deficit):	<u>\$ (86,192)</u>	<u>\$ (57,248)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 366,826</u>	<u>\$ 383,090</u>

Country Club Tower of Coral Springs Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit) -
Operating Fund
For the Years Ended 2020 & 2019

	2020	2019
Revenues:		
Maintenance Assessments	\$ 870,294	\$ 797,312
Bulk Cable TV Income	101,392	97,589
Antenna Rental Income	16,481	21,894
Laundry Income	14,229	11,875
Sales & Lease Fees	8,205	8,060
Work Orders	6,590	5,018
Late Fees	2,294	866
Interest Income	349	871
Total Revenues	<u>1,019,834</u>	<u>943,485</u>
Expenses:		
Bank Charges	\$ 129	\$ 225
Bulk Cable TV Expense	99,924	96,100
Insurance Expenses	183,124	152,647
Interest Expense	4,864	21,286
Lawn care Expenses	15,556	18,349
Miscellaneous Expenses	2,110	15,115
Office Expenses	12,176	15,229
Payroll Expenses	373,905	346,353
Pest Control Expenses	4,183	3,435
Professional Fees	19,952	9,616
Refuse Collection	9,135	8,675
Repairs & Maintenance Expenses	20,303	69,924
Security Expenses	306	6,391
Supplies Expenses	32,777	47,503
Taxes Expense / (Refund)	(7,209)	4,875
Telephone & Internet Expenses	7,879	7,771
Utilities Expense	205,352	202,366
Water Tower Services	5,040	5,279
Total Expenses	<u>989,506</u>	<u>1,031,140</u>
Net Income or (Net Loss)	<u>\$ 30,328</u>	<u>\$ (87,655)</u>
Fund Balance (Deficit) - Beginning of Year	(57,248)	(246,804)
Transfers	<u>(59,272)</u>	<u>277,211</u>
Fund Balance (Deficit) - End of Year	<u>\$ (86,192)</u>	<u>\$ (57,248)</u>

Country Club Tower of Coral Springs Association, Inc.
Statement of Cash Flows - Operating Fund
2020 & 2019

	2020	2019
Cash Flows from Operating Activities:		
Net Income or (Net Loss)	\$ 30,328	\$ (87,655)
Adjustments to Reconcile Net Income or (Net Loss) to Net Cash (Used In) Provided By Operating Activities:		
(Increase) / Decrease in Maintenance Receivable	(18,447)	(30,052)
(Increase) / Decrease in Special Assessments Receivable	-	65,025
(Increase) / Decrease in Prepaid Income Taxes	-	1,295
(Increase) / Decrease in Prepaid Insurance	-	121,080
(Increase) / Decrease in Due to	(6,936)	6,936
Increase / (Decrease) in Accounts Payable	31,756	7,215
Increase / (Decrease) in Credit Cards	676	(2,751)
Increase / (Decrease) in Deferred Cable Contract Income	(1,000)	(1,000)
Increase / (Decrease) in Payroll Taxes	-	626
Increase / (Decrease) in Insurance Payable	-	(110,408)
Net Cash (Used In) / Provided By Operating Activities	<u>\$ 36,378</u>	<u>\$ (29,689)</u>
Cash Flows from Financing Activities:		
Increase / (Decrease) in SBA Hurricane Loan	(4,800)	(7,706)
Increase / (Decrease) in Tenant Security Deposits Held	(13,952)	4,116
Increase / (Decrease) in Interfund Transfers	(59,272)	(125,650)
Net Cash (Used In) / Provided By Financing Activities	<u>\$ (78,024)</u>	<u>\$ (129,240)</u>
Net Increase / (Decrease) in Cash	(41,646)	(158,929)
Cash - Beginning of Year	<u>147,284</u>	<u>306,213</u>
Cash - End of Year	<u><u>\$ 105,638</u></u>	<u><u>\$ 147,284</u></u>
<u>Supplemental disclosure of cash flow information:</u>		
Interest paid	<u>\$ 4,864</u>	<u>\$ 21,286</u>
Income taxes paid	<u>\$ -</u>	<u>\$ 4,875</u>

Country Club Tower of Coral Springs Association, Inc.
Balance Sheet - Replacement Fund
December 31, 2020 & December 31, 2019

	<u>12/31/2020</u>	<u>12/31/2019</u>
<u>ASSETS</u>		
Assets:		
Cash	\$ 100,544	\$ 101,194
Cash - Certificates of Deposit (CDs)	352,527	396,984
Due from Operating Fund	-	6,936
Total Assets	<u>\$ 453,071</u>	<u>\$ 505,114</u>
<u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>		
Liabilities:		
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balance (Deficit):	<u>\$ 453,071</u>	<u>\$ 505,114</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 453,071</u>	<u>\$ 505,114</u>

Country Club Tower of Coral Springs Association, Inc.
Statement of Revenues, Expenses, and Changes in Fund Balance (Deficit) -
Replacement Fund
For the Years Ended 2020 & 2019

	2020	2019
Revenues:		
Maintenance Assessments	\$52,000	\$ 19,800
Interest Income	8,059	7,742
Other Income	103,536	
Total Revenues	<u>\$163,595</u>	<u>27,542</u>
Expenses:		
Reserve Expenditures	\$237,730	\$ 104,010
Total Expenses	<u>237,730</u>	<u>104,010</u>
Net Income or (Net Loss)	<u>\$ (74,135)</u>	<u>\$ (76,468)</u>
Fund Balance (Deficit) - Beginning of Year	505,114	483,860
Transfers	<u>22,093</u>	<u>97,722</u>
Fund Balance (Deficit) - End of Year	<u>\$ 453,071</u>	<u>\$ 505,114</u>

Country Club Tower of Coral Springs Association, Inc.
Statement of Cash Flows - Replacement Fund
2020 & 2019

	2020	2019
Cash Flows from Operating Activities:		
Net Income or (Net Loss)	\$ (74,135)	\$ (76,468)
Net Cash (Used In) / Provided By Operating Activities	<u>\$ (74,135)</u>	<u>\$ (76,468)</u>
Cash Flows from Investing Activities		
Maturity of Certificates of Deposit	51,121	396,984
Net Cash (Used In) / Provided By Investing Activities	<u>\$ 51,121</u>	<u>\$ 396,984</u>
Cash Flows from Financing Activities:		
Increase / (Decrease) in Interfund Transfers	(22,093)	89,874
Net Cash (Used In) / Provided By Financing Activities	<u>\$ (22,093)</u>	<u>\$ 89,874</u>
Net Increase / (Decrease) in Cash	(45,107)	410,390
Cash - Beginning of Year	<u>498,178</u>	<u>87,788</u>
Cash - End of Year	<u><u>\$ 453,071</u></u>	<u><u>\$ 498,178</u></u>
<u>Supplemental disclosure of cash flow information:</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Note A – Nature of Organization and Summary of Significant Accounting Policies

Note 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.

Note 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 ("Replacement Fund"), 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.

Note 3 – Accounts Receivable (Member Assessments)

Accounts Receivable (Member Assessments) are billed quarterly based upon each Member's proportionate share of ownership.

Members are currently invoiced as follows:

- In December (for January-March maintenance & cable)
- In March (for April-June maintenance & cable)
- In June (for July-September maintenance & cable)
- In September (for October-December maintenance & cable)

These Assessments are based upon estimates of amounts necessary to provide funds for the Association's operating expenses and future major repairs and replacements.

Note 4 – Income Taxes

The Association files its tax obligations as a Homeowners' Association (Form 1120-H: U.S. Income Tax Return for Homeowners Associations) in accordance with Internal Revenue Service Code Section 528. Under this Section, the Association excludes from taxation Exempt Function Income, which consists of the Revenue generated from quarterly Member Assessments.

Country Club Tower of Coral Springs Association, Inc.

Notes to Financial Statements

However, while Exempt Function Income is not subject to income taxation, the Association's Gross Income is subject to income taxation, at the Federal income tax rate of 30.00%. Gross Income includes but is not limited to such items as Revenue deriving from Dividends, Taxable Interest, Gross Rents, Gross Royalties, Capital Gains, and Sales of Business Property.

Note 5 – Concentration of Credit Risk

Credit risk refers to the potential for defaults to be made by parties who owe monies to the Association. The particular financial instruments which subject the Association to credit risk are Cash and Accounts Receivable (Member Assessments).

The Association invests its excess Cash in deposits with 5 major financial institutions (City National Bank, New York Community Bank, Northern Trust, Synchrony Bank, and Bank of America). Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000.00.

The Association believes it is not exposed to material credit risk on its Accounts Receivable (Member Assessments).

Note 6 – Nonrecognition of Fixed Assets

Real property and common areas acquired from the developer as well as 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.

Note B – Replacement Fund

The Association's governing documents and Florida Statutes require that funds be accumulated for Future Major Repairs and Replacements (Replacement Fund).

In 2019 when preparing the 2020 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 useful lives of the components based on the estimates of current replacement costs and considering amounts

Country Club Tower of Coral Springs Association, Inc.

Notes to Financial Statements

previously accumulated in the Replacement Fund. Accordingly, the funding requirement of **\$52,000.00** has been included in the 2020 budget.

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 Member Assessments, pass Special Member Assessments, or delay major repairs and replacements until funds are available.

The activity in the Replacement Fund was as follows:

Components	Balance	Additions	Expenditures	Transfers	Balance
	1/1/20				12/31/20
Pooled	\$22,522	\$52,000	\$67,639	\$22,093	\$28,976
Windstorm	\$156,768	-	\$59,276	-	\$97,492
Contingency	\$305,465	\$103,536	\$110,815	-	\$298,186
Interest	\$20,359	\$8,059	-	-	\$28,418
Total	\$505,114	\$163,595	\$237,730	\$12,624	\$453,071

Previously there were separate components for painting, paving, plumbing, and roof reserves; however, starting January 1, 2020, these have been condensed into a Pooled Reserves account to account for all Reserve contingencies.

Note C – Deferred Income - Cable Contract

During 2013, the Association received \$12,000 for having entered into a 12-year Services Agreement with Blue Stream cable company.

This \$12,000 represents “Bulk Cable TV Income” Revenue to be recognized over the life of the 12-year Services Agreement. Hence, this \$12,000 was initially recorded as a Liability and \$1,000 will be recognized as Revenue every year for 12 years - until the expiration of the Services Agreement.

As of December 31, 2020, 8 years has expired and hence there is \$4,000 remaining as the Liability “Deferred Income - Cable Contract.”

Note D – Certificates of Deposit

At December 31, 2020, the Association had **\$352,526.75** in Certificates of Deposit (CDs) with varying interest rates and maturity dates.

Country Club Tower of Coral Springs Association, Inc.

Notes to Financial Statements

The Association owns the following CDs as of December 31, 2020:

	<u>Balance:</u>
1. Northern Bank – Business CD (8500)	\$266,637.16
Issue Date:	7/25/2019
Maturity Date:	7/25/2021
2020 Interest Received:	\$5,263.54
2. Synchrony Bank – 15-Month Commercial CD (0317)	\$85,889.59
Issue Date:	9/16/2020
Maturity Date:	12/16/2021
2020 Interest Received:	\$1,647.22

It is the intent of the Association to hold all certificates until maturity. If a CD was to be liquidated prior to maturity, there would be an early withdrawal penalty.

Note E – SBA Hurricane Loan Payable

On March 6, 2006, the Association borrowed \$480,000 from the U.S. Small Business Administration ("SBA") for repairs to property damaged or destroyed by Hurricane Wilma.

The Loan is paid in equal monthly installments of \$2,416, which includes both interest and principal repayments, beginning on March 2, 2007, and ending on March 2, 2036. However, due to the Covid pandemic, loan repayments were paused for the majority of 2020.

As of December 31, 2020, the principal balance on the Loan was **\$352,058.62**, and the Association's Interest Expense due to this Loan amounted to **\$4,863.89** for 2020.

Note F – Insurance

The Association has two types of insurance: a "Package" insurance policy and a Workers' Compensation insurance policy.

The Package insurance policy covers a constellation of coverages such as the following:

Insurance Component	Description of Coverage
Property	- Residential building, - Contents of the residential building, - Maintenance building, - Pool, and - Breakdowns of equipment.
General Liability	Property damage (PD) and bodily injury (BI) to individuals on a per-occurrence basis.
Crime	- Employee theft - Employee forgeries - Computer fraud

Country Club Tower of Coral Springs Association, Inc.

Notes to Financial Statements

	Funds transfer fraud
Directors & Officers	Defense costs for Board of Directors members
Umbrella	A higher limit of coverage in excess of the underlying policy.

The amount paid for Package insurance in 2020 was **\$165,881.33**.

The Workers' Compensation policy contains Workers Compensation Insurance and Employers Liability Insurance and is in effect should employees suffer bodily injury (BI) by accident during employment.

The amount paid for Workers' Compensation insurance in 2020 was **\$17,243.00**.

Note G – Commitments

The Association has entered into several contracts with various service providers to maintain the common property.

The following vendors performed the following services for the Association in 2020:

Vendor	Category of Expense	Amount Paid in 2020
AmTrust North America	Workers Compensation	\$17,243.00
AT&T	Telephone & Internet	\$6,398.86
Bass United Fire & Security	Fire Alarm Monitoring & Security Desk	\$15,546.79
Becker & Poliakoff	Legal Services	\$18,595.15
Blue Stream	Cable Television	\$99,923.97
City of Coral Springs	Water & Sewer Services	\$135,675.86
Florida Power & Light	Electricity	\$69,114.03
Oracle Elevator	R&M: Elevator	\$7,733.50
Santos's Lawn Service	Lawn care Expenses	\$15,110.00
Waste Pro	Refuse Collection	\$6,135.34

Note H – Contingencies

Insurance

As part of the Package insurance policy (see Note F), the policy has a 5% calendar year deductible which applies to loss resulting from a Hurricane only. The deductible amount for named hurricane storms is estimated at **\$1,334,134** which represents 5% of the insured value of the residential building, which is estimated to be \$26,682,685. The Association can obtain a 3% deductible which would amount to \$800,481 however there would be an annual increase in premium of \$28,591.

Legal

The Association is periodically subject to complaints and claims, including litigation, arising in the ordinary course of Association business. Management believes that none of the claims and

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

complaints of which it is currently aware will materially affect its Association business, financial position, or future operating results.

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 August 20, 2021, the date that the Financial Statements were available to be issued.

Country Club Tower of Coral Springs Association, Inc.
Supplementary Information on Future Major Repairs and Replacements
December 31, 2020
(Unaudited)

In 2019, when preparing the 2020 budget, the Board of Directors estimated the remaining useful life and the replacement cost of the components of common property.

The following table is based on those estimates:

	Estimated Remaining Useful Life (Years)	Estimated Replacement Cost	Replacement Fund Balance 12/31/20
Administration Offices	12	\$18,000	
Air Conditioner - 12 Floors	2	\$120,000	
Air Conditioner - Lounge & Lobby	2	\$25,000	
Boiler	1	\$12,000	
Carpeting	2	\$250,000	
Cooling Tower	16	\$125,000	
Door - Bipart / automatic sliding	2	\$22,000	
Elevators (3)	26	\$605,000	
Fire Equipment & Monitoring	7	\$150,000	
Fire Pump	7	\$28,000	
Generator	27	\$93,000	
Hot Water Heaters (12)	1	\$13,000	
Laundry Equipment (36 pairs)	5	\$58,000	
Lounge & Lobby	3	\$45,000	
Painting - Exterior	9	\$120,000	
Painting - Interior	1	\$80,000	
Paving	22	\$182,000	
Plumbing - Water Piping & Drains	3	\$145,000	
Pool	1	\$50,000	
Pumps - 3 Main	1	\$12,000	
Roof Exhaust Fans	12	\$24,000	
Roofing	9	\$150,000	
Security Equipment & Monitoring	3	\$12,000	
Tennis Courts	1	\$18,000	
Tools / Equipment	2	\$30,000	
Trash Compactor	1	\$23,000	
Pooled Reserves		-	\$28,976
Windstorm		-	\$97,492
Contingency		-	\$298,186
Interest		-	\$28,418
		<u>\$2,410,000</u>	<u>\$ 453,071</u>