

**INDIAN CREEK PHASE VIII HOMEOWNERS
ASSOCIATION, INC.**

JUPITER, FLORIDA

FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

For Year Ended December 31, 2018

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Independent Accountant's Review Report

Board of Directors
Indian Creek Phase VIII Homeowners Association, Inc.

I have reviewed the accompanying financial statements of Indian Creek Phase VIII Homeowners Association, Inc. which comprises the balance sheet as of December 31, 2018, and the related statement of revenues and expenses and changes in fund balances, statement of cash flows, and the related notes to the financial statements for the year then ended. A review includes primarily analytical procedures to management's financial data and making inquiries of company 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 taken as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review, 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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 State of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary Information

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The Schedule of Revenues and Expenses – Actual vs. Budget is presented only for supplementary analysis purposes. Such information (except for the budget information, which was compiled without any form of assurances) has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I am not aware of any material modifications that should be made to it.

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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 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with their responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information:

I have previously reviewed Indian Creek Phase VIII Homeowners Association, Inc.'s 2017 financial statements and I expressed an unmodified opinion on those financial statements in my report dated August 12, 2018. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Gerald Jackson Jr

June 30, 2019

INDIAN CREEK PHASE VIII HOMEOWNERS ASSOCIATION, INC.
Balance Sheet
December 31, 2018

	December 31, 2018			12/31/17
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<u>ASSETS</u>				
CASH, INCLUDING INTEREST BEARING ACCOUNTS	\$ 117,696	74,133	\$ 191,829	\$ 168,310
MAINTENANCE FEES RECEIVABLE	498	0	498	4,171
PREPAID INSURANCE	5,418	0	5,418	5,069
UTILITY DEPOSIT	1,997	0	1,997	624
TOTAL ASSETS	\$ 125,609	\$ 74,133	\$ 199,742	\$ 178,174
<u>LIABILITIES AND FUND BALANCES</u>				
ACCOUNTS PAYABLE	\$ 2,112	\$ 0	\$ 2,112	\$ 17,545
DEFERRED COMCAST REBATE	19,635	0	19,635	0
PREPAID ASSESSMENTS	44,726	0	44,726	38,229
TOTAL LIABILITIES	66,473	0	66,473	55,774
FUND BALANCES	59,136	74,133	133,269	122,400
TOTAL LIABILITIES AND FUND BALANCES	\$ 125,609	\$ 74,133	\$ 199,742	\$ 178,174

Read Independent Accountant's Review Report

INDIAN CREEK PHASE VIII HOMEOWNERS ASSOCIATION, INC.
Statement of Revenues, Expenses and Changes in Fund Balance
For Year Ended December 31, 2018

	2018			2017
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<u>REVENUES</u>				
MAINTENANCE FEES	267,314	16,042	\$ 283,356	\$ 283,355
OWNERS MISCELLANEOUS FEES	1,763	0	1,763	1,113
COMCAST REBATE	1,785	0	1,785	3,750
INTEREST INCOME	109	350	459	212
OTHER INCOME	5,109	0	5,109	2,006
TOTAL REVENUES	276,080	16,392	292,472	290,436
<u>EXPENSES</u>				
ADMINISTRATIVE	\$ 41,307	\$ 0	\$ 41,307	\$ 44,169
UTILITIES	133,323	0	133,323	112,181
GROUND	94,456	0	94,456	91,335
POOL AND RECREATION	13,676	0	13,676	12,329
MAJOR REPAIRS - RESERVES	0	950	950	2,774
TOTAL EXPENSES	282,762	950	283,712	262,788
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(6,682)	15,442	8,760	27,648
FUND BALANCES, BEGINNING OF YEAR	77,049	45,351	122,400	92,215
CAPITAL CONTRIBUTIONS	2,109	0	2,109	2,537
TRANSFER CAPITAL CONTRIBUTIONS	(13,340)	13,340	0	0
FUND BALANCES, END OF YEAR	\$ 59,136	\$ 74,133	\$ 133,269	\$ 122,400

Read Independent Accountant's Review Report

INDIAN CREEK PHASE VIII HOMEOWNERS ASSOCIATION, INC.

**Statement of Cash Flows
For Year Ended December 31, 2018**

INCREASE(DECREASE) IN CASH	2018			2017
	Operating Fund	Replacement Fund	Total Funds	Total Funds
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash Receipts From Assessments	277,484	\$ 16,042	\$ 293,526	\$ 294,753
Other Income Received	30,401	0	30,401	6,869
Interest Income Received	109	350	459	212
Cash Payments to Vendors and Suppliers	(299,917)	(950)	(300,867)	(239,148)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,077</u>	<u>15,442</u>	<u>23,519</u>	<u>62,686</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Transfers	(13,340)	13,340	0	0
NET CASH PROVIDED BY FINANCING ACTIVITIES:	<u>(13,340)</u>	<u>13,340</u>	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH FOR CURRENT YEAR	<u>(5,263)</u>	<u>28,782</u>	<u>23,519</u>	<u>62,686</u>
CASH AT BEGINNING OF YEAR	<u>122,959</u>	<u>45,351</u>	<u>168,310</u>	<u>105,624</u>
CASH AT END OF YEAR	<u>\$ 117,696</u>	<u>\$ 74,133</u>	<u>\$ 191,829</u>	<u>\$ 168,310</u>

**RECONCILIATION OF EXCESS OF ASSESSMENTS AND REVENUES
OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

CASH FLOWS FROM OPERATING ACTIVITIES

Excess (deficit) of revenues over expenses	\$ (6,682)	\$ 15,442	\$ 8,760	\$ 27,648
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:				
(Increase) Decrease in:				
Assessments Receivable	3,673	0	3,673	(3,587)
Prepaid Insurance	(349)	0	(349)	352
Prepaid Expenses	0	0	0	14,505
Utility Deposits	(1,373)	0	(1,373)	0
Increase (Decrease) in:				
Accounts Payable	(15,433)	0	(15,433)	6,246
Deferered Comcast Rebate	19,635	0	19,635	0
Assessments Received in Advance-Maintenance	6,497	0	6,497	14,985
Capital Contributions	2,109	0	2,109	2,537
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>8,077</u>	<u>\$ 15,442</u>	<u>\$ 23,519</u>	<u>\$ 62,686</u>

**INDIAN CREEK PHASE VIII
HOMEOWNERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND PURPOSE

Indian Creek Phase VIII Homeowners Association, Inc. was organized as a Florida not-for-profit corporation on July 11, 1988. The Association has been organized for the purpose of operating and maintaining the common property of the Association, to enforce the covenants, conditions, restrictions, and other provisions pursuant to Chapter 720 of the Florida Statutes, and as set forth in the Articles of Incorporation, the By-Laws, and rules and regulations of the Association. The Association's common property consists of buildings, roads, parking areas, surrounding landscaped areas, irrigation pumps and swimming pool. The Association consists of 153 units located in Jupiter, Florida.

All policy decisions are formed by the Board of Directors. Major decisions as defined in the Association's By-Laws, are referred to the general Association membership for approval before action is taken.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The financial statements have been prepared using the accrual basis of accounting pursuant to Section 720 of the Florida Statutes. The Association's governing documents provide certain guidelines for conducting 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 general operations of the Association.

Replacement Fund

This fund is used to accumulate financial resources designated for future major repairs and replacements.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Minor amounts of personal property and equipment acquired by the Association are recorded as operating fund expenses in the year incurred.

**INDIAN CREEK PHASE VIII
HOMEOWNERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

Member Assessments:

Association members are subject to quarterly assessments in advance, to provide funds for the Association's operating expenses and a reserve for major repairs and replacements. The annual budget and member assessments are determined and approved by the Board of Directors. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are in arrears.

Allocation of Revenues and Expenses

The revenues and expenses of the Association are allocated to the unit owners on an equal basis to each unit.

Interest Earned:

The Board's policy is to retain interest earned on replacement fund investments in the replacement fund.

Income Taxes:

Homeowners' associations may elect to be taxed either as a regular corporation or as a homeowners' association. For the year ended December 31, 2018, the Association has elected to be taxed as a homeowners' association in accordance with Internal Revenue Code Section 528. Under this section, the Association is taxed on its nonexempt function income, such as net investment earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

In June 2006, the Financial Accounting Standards Board prescribed a comprehensive model for how a company should measure, recognize, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. The opinion was amended in 2009 to more accurately reflect the applicability to Not-For-Profit entities such as Associations. The Association has adopted this pronouncement as amended as of January 1, 2009.

Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2016, 2017, and 2018 returns. However, the Association is not currently under audit and has not been contacted that a possible audit may be initiated. Also, the Association did not have any uncertain tax positions.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 expense during the reporting period. Actual results could differ from those estimates.

**INDIAN CREEK PHASE VIII
HOMEOWNERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

Subsequent Events

Management evaluated the existence of any subsequent events through June 30, 2019, the date the financial statements were available to be issued and no material items existed.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures* (SFAS No. 157), fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2018; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2018.

NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Board is funding for major repairs and replacements over the estimated useful lives of the components based on the Board of Directors update of current replacement costs, considering amount previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on the estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs for major repairs and replacement. If additional funds are needed, however, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following table reflects the current year activity by the various components:

<u>RESERVES</u>	Beginning <u>Balance</u>	<u>Funding</u>	Current Year			Ending <u>Balance</u>
			<u>Interest</u>	<u>Expended</u>	<u>Transfers</u>	
Clubhouse	(3,899)	7,500	0	0	0	3,601
Pool	21,666	4,542	0	0	0	26,208
Fence	11,848	3,000	0	(950)	0	13,898
Paving	21,514	1,000	0	0	0	22,514
Insurance Deductible	1,000	0	0	0	0	1,000
Mailboxes	(13,340)	0	0	0	13,340	0
Landscape	6,354	0	0	0	0	6,354
Reserve Interest	208	0	350	0	0	558
Total	45,351	16,042	350	(950)	13,340	74,133

**INDIAN CREEK PHASE VIII
HOMEOWNERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – AFFILIATED ASSOCIATIONS

Indian Creek Phase VIII Homeowners Association, Inc. (the Association) is one of several phases in the multi-phase residential community known as "Indian Creek." The Association is a corporate member in the Indian Creek Community Homeowners Association, Inc. (the Community Association.) The purpose of the Community Association is to operate and maintain the common Properties of phases that comprise the "Indian Creek" community. The Association paid assessments to the Community Association during the year for these activities.

SUPPLEMENTARY INFORMATION

INDIAN CREEK PHASE VIII HOMEOWNERS ASSOCIATION, INC.
Comparison of Actual vs. Budget-Operating
For Year Ended December 31, 2018

	2017	2018			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>\$</u> <u>Variance</u>	<u>%</u>
REVENUES					
MAINTENANCE FEES	268,807	267,314	267,314	267,298	100.0%
OWNERS MISCELLANEOUS FEES	1,113	1,763	0	1,747	0.0%
COMCAST REBATE	3,750	1,785	0	1,769	0.0%
INTEREST INCOME	80	109	0	93	0.0%
OTHER INCOME	2,006	5,109	0	5,093	0.0%
TOTAL REVENUES	275,756	276,080	267,314	8,766	3.3%
EXPENSES:					
ADMINISTRATIVE:					
PROPERTY MANAGEMENT	18,614	18,600	18,360	(240)	-1.3%
ACCOUNTING	2,500	2,500	2,500	0	0.0%
BAD DEBT	1,235	0	0	0	0.0%
LEGAL FEES	4,930	4,396	4,000	(396)	-9.9%
MEETING ROOM EXPENSE	208	0	0	0	0.0%
POSTAGE/PRINTING/ADMINISTRATIVE	3,515	3,753	1,530	(2,223)	-145.3%
WEB SITE	0	0	1,200	1,200	100.0%
LICENSES, TAXES, AND FEES	311	311	500	189	37.8%
COMMUNITY ASSOCIATION DUES	4,127	3,849	4,300	451	10.5%
INSURANCE	8,729	7,898	7,650	(248)	-3.2%
Total - ADMINISTRATIVE	44,169	41,307	40,040	(1,267)	-3.2%
UTILITIES:					
ELECTRIC - POOL	11,461	12,652	11,400	(1,252)	-11.0%
WATER AND SEWER	1,233	3,940	3,150	(790)	-25.1%
CABLE TV	99,487	116,731	98,724	(18,007)	-18.2%
Total - UTILITIES	112,181	133,323	113,274	(20,049)	-17.7%
GROUNDS					
LANDSCAPE REPLACEMENT	320	0	2,500	2,500	100.0%
LAWN MAINTENANCE	71,760	74,880	74,880	0	0.0%
IRRIGATION REPAIRS/MAINTENANCE	0	617	500	(117)	-23.4%
GENERAL REPAIRS/MAINTENANCE	4,327	1,354	7,000	5,646	80.7%
TREE REMOVAL	175	350	1,000	650	65.0%
TREE TRIMMING	8,003	5,255	7,500	2,245	29.9%
WEED/LAWN PEST CONTROL	6,750	12,000	9,000	(3,000)	-33.3%
Total - GROUNDS	91,335	94,456	102,380	7,924	7.7%

INDIAN CREEK PHASE VIII HOMEOWNERS ASSOCIATION, INC.

Comparison of Actual vs. Budget-Operating

For Year Ended December 31, 2018

	2017	2018			
				\$	%
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	
POOL AND RECREATION					
POOL MAINTENANCE	3,915	3,900	3,600	(300)	-8.3%
POOL JANITORIAL	5,493	5,336	5,220	(116)	-2.2%
POOL -HURRICANE CLEANUP	200	0	0	0	0.0%
POOL REPAIRS AND SUPPLIES	2,721	4,440	2,800	(1,640)	-58.6%
Total - POOL AND RECREATION	<u>12,329</u>	<u>13,676</u>	<u>11,620</u>	<u>(2,056)</u>	<u>-17.7%</u>
TOTAL EXPENSES	260,014	282,762	267,314	(15,448)	-5.8%
NET SURPLUS (DEFICIT)	15,742	(6,682)	0	(6,682)	

INDIAN CREEK PHASE VIII HOMEOWNERS ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
For Year Ended December 31, 2018

The Board of Directors conducted an informal study in 2018 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from various sources; such as licensed contractors who inspected the property, invoices from the recent acquisition of replacement of certain common property, and telephone inquiries of licensed contractors for estimated costs to replace.

<u>Component</u>	<u>Estimated Useful Life in Years Remaining</u>	<u>Estimated Replacement Cost</u>	<u>2019 Full Funding Requirement</u>	<u>Budgeted 2019 Funding</u>	<u>Replacement Fund Balance At 12/31/2018</u>
Clubhouse	3-15	\$ 22,000	\$ 8,050	\$ 8,050	\$ 3,601
Pool	0-7	35,135	5,400	5,400	26,208
Fence	5-30	156,000	9,754	9,754	13,898
Paving	1	14,300	0	0	22,514
Insurance Deductible	-	-	0	0	1,000
Mailboxes	17	13,500	795	795	0
Landscape	-	-	-	0	6,354
Reserve Interest	-	-	-	0	558
Total		\$ 240,935	\$ 23,999	\$ 23,999	\$ 74,133