

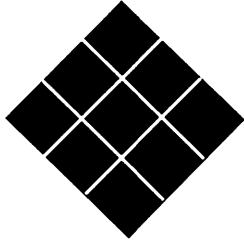
Lakeridge Condominium Association, Inc.
Winter Haven, Florida

FINANCIAL STATEMENTS

Year Ended December 31, 2022

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Campbell & Associates

Certified Public Accountants ♦ Registered Investment Advisor

E. M. Campbell, Jr., C.P.A.(1931-2016)
Karen G. Premuto, C.P.A.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

July 31, 2023

To Management
Lakeridge Condominium Association, Inc.
Winter Haven, Florida 33881

We have reviewed the accompanying financial statements of Lakeridge Condominium Association, Inc. (a Florida not-for-profit corporation) which comprise the balance sheet as of December 31, 2022 and the related statements of revenues, expenses and changes in fund balance 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 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 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 controls 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 required 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.

Accountant's Conclusion

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements of common property 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, which 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 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; however we have not audited or reviewed the required supplementary information and we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Supplementary Information

The accompanying supplementary schedules on pages 15 and 16 are presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Campbell + associates
Campbell & Associates, P.A., C.P.A.'s

Lakeridge Condominium Association, Inc.

BALANCE SHEET December 31, 2022

ASSETS

	Operating Fund	Reserve Fund	Total
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 80,868	\$ 126,684	\$ 207,552
Accounts receivable	3,153	-	3,153
Due from reserve	1,964	-	1,964
Prepaid expenses	19,039	-	19,039
Total current assets	105,024	126,684	231,708
<u>Other Assets:</u>			
Utility deposit	1,001	-	1,001
	\$ 106,025	\$ 126,684	\$ 232,709

LIABILITIES

	Operating Fund	Reserve Fund	Total
<u>Current Liabilities:</u>			
Accounts payable	\$ 570	\$ -	\$ 570
Federal Income tax payable	10,542	-	10,542
Due to operating	-	1,964	1,964
Prepaid member assessments	8,219	-	8,219
Total current liabilities	19,331	1,964	21,295
<u>Long-Term Liabilities:</u>			
Contract liabilities (Assessments received in advance - Replacement reserve)	-	124,720	124,720

FUND BALANCE

<u>Fund Balance</u>	86,694	-	86,694
	\$ 106,025	\$ 126,684	\$ 232,709

The accompanying notes and independent accountants' review report are an integral part of this financial statement.

Lakeridge Condominium Association, Inc.
STATEMENT OF REVENUES AND EXPENSES AND FUND BALANCE
For the Year Ended December 31, 2022

<u>Particulars</u>	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>Revenues:</u>			
Member assessments	\$ 278,544	\$ 114,652	\$ 393,196
Special assessment (Note 5)	31,600	-	31,600
Other income	44,096	-	44,096
Interest income	97	9	106
Total revenues	<u>354,337</u>	<u>114,661</u>	<u>468,998</u>
<u>Expenses:</u>			
Building maintenance	130,939	-	130,939
Utilities and telephone	112,140	-	112,140
Insurance	67,000	-	67,000
Grounds maintenance	15,603	-	15,603
Pool maintenance	6,427	-	6,427
Professional fees	12,243	-	12,243
Office supplies and expense	6,259	-	6,259
Payroll taxes	4,460	-	4,460
Payroll processing	1,676	-	1,676
Community relations	2,002	-	2,002
Taxes and licenses	362	-	362
Income tax	11,295	-	11,295
Reserve expenses	-	114,661	114,661
Total expenses	<u>370,406</u>	<u>114,661</u>	<u>485,067</u>
<u>Excess of Revenues over Expenses(Deficit)</u>	(16,069)	-	(16,069)
<u>Beginning Fund Balance</u>	<u>102,763</u>	<u>-</u>	<u>102,763</u>
<u>Ending Fund Balance</u>	<u>\$ 86,694</u>	<u>\$ -</u>	<u>\$ 86,694</u>

The accompanying notes and independent accountants' review report are an integral part of this financial statement.

Lakeridge Condominium Association, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

<u>Particulars</u>	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>Cash Flows From Operating Activities:</u>			
Cash received from members and others	\$ 385,611	\$ 138,576	\$ 524,187
Interest received	97	9	106
Cash paid to suppliers	(367,906)	(114,661)	(482,567)
Income tax paid	(15,078)	-	(15,078)
Net cash provided by operating activities	<u>2,724</u>	<u>23,924</u>	<u>26,648</u>
 <u>Net Increase (Decrease) In Cash And Cash Equivalents</u>	 2,724	 23,924	 26,648
 Cash and cash equivalents at beginning of year	 <u>80,108</u>	 <u>100,796</u>	 <u>180,904</u>
 Cash and cash equivalents at end of year	 <u><u>\$ 82,832</u></u>	 <u><u>\$ 124,720</u></u>	 <u><u>\$ 207,552</u></u>

The accompanying notes and independent accountants' review report are an integral part of this financial statement.

Lakeridge Condominium Association, Inc.

STATEMENT OF CASH FLOWS (Cont'd)

For the Year Ended December 31, 2022

<u>Particulars</u>	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
<u>Reconciliation Of Net Income To Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Net income (loss) per statement of revenues and expenses	\$ (16,069)	\$ -	\$ (16,069)
Adjustments to reconcile revenues over expenses to net cash provided by (used in) operating activities:			
Changes in current assets and liabilities:			
(Increase) decrease in assessments receivable	23,152	-	23,152
(Increase) decrease in prepaid expenses	(9,365)	-	(9,365)
Increase (decrease) in accounts payable	570	-	570
Increase (decrease) in income tax payable	(3,783)	-	(3,783)
Increase (decrease) in assessments paid in advance	8,219	-	8,219
Increase (decrease) in performance obligation - reserves	-	23,924	23,924
Total adjustments	<u>18,793</u>	<u>23,924</u>	<u>42,717</u>
 Net cash provided by operating activities	 <u>\$ 2,724</u>	 <u>\$ 23,924</u>	 <u>\$ 26,648</u>

The accompanying notes and independent accountants' review report are an integral part of this financial statement.

Lakeridge Condominium Association, Inc.

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2022

Organization

Lakeridge Condominium Association, Inc. (the "Association") is a condominium association (a not-for-profit corporation), incorporated in the State of Florida on July 10, 1973. The Association is responsible for the operation and maintenance of the common property within the development. Lakeridge Condominium Association, Inc. consists of 79 residential units located in Winter Haven, Florida.

Summary of Significant Accounting Policies

a. Fund accounting:

The Association presents its financial statements on the accrual basis 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.

Reserve Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements and other designated reserves.

b. Estimates:

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.

c. Cash and cash equivalents:

The Association considers all investment instruments purchased with a maturity of three months or less and all certificates of deposit to be cash equivalents. As of December 31, 2022, there were no cash equivalents.

d. Allowance for doubtful accounts:

The Association's policy is to retain legal counsel for unit owners whose assessments are deemed to be delinquent. It is the opinion of the board of directors that an allowance for uncollectible accounts is not necessary as all accounts receivable are deemed to be collectible.

e. Property, equipment and depreciation:

The Association generally capitalizes all purchases of property and equipment to which it has title or other evidence of ownership. Real and common property acquired from the developer is not capitalized in the Association's financial statements as it is owned by the individual unit owners in common and not by the Association. As a result, improvements made to the real property and common areas are expensed as incurred.

Property and equipment are carried at cost, or in the case of contributed property, at estimated fair value at the date contributed. Depreciation is calculated on the straight-line method. This method is applied to each individual asset at the time of its acquisition depending upon the asset, its useful life and purpose. Useful lives are generally: Equipment and fixtures 3-10 years.

f. Member assessments:

Assessments to members are recognized as revenue on a monthly basis to provide for the Association's operating expenses, future capital acquisitions and major repairs and replacements. The excess of assessments over expenses of operations at year end, if any, is retained by the Association for use in future years. The owners' maintenance installments in effect during 2022 were \$440 per month.

See independent accountants' review report.

Lakeridge Condominium Association, Inc.

NOTES TO FINANCIAL STATEMENTS (Cont'd)

For The Year Ended December 31, 2022

Summary of Significant Accounting Policies (Cont'd)

g. **Income taxes:**

While the Association has been organized under Florida law as a non profit corporation, the Association is not a tax exempt organization. Under Internal Revenue Code Section 528 the Association may elect annually, to file its income tax return as a regular corporation or as a homeowner's association.

For the year ended December 31, 2022, the Association elected to file as a homeowner's association and as such only pays tax on its interest income and non exempt function income.

h. **Subsequent events:**

The Association has evaluated subsequent events through July 31, 2023, the date on which the financial statements were available to be issued.

i. **Revenue recognition policy:**

Revenue is measured based on a consideration specified in a contract with members and excludes any sales incentives and amounts or taxes collected on behalf of third parties. Incidental items that are immaterial in the context of such contracts are recognized as expense. The Association does not have any significant financing components as payment is generally received at, or shortly after, invoicing. There are generally no costs incurred to obtain a contract with a member.

Revenues are recognized when control of these services or products are transferred to members in an amount that reflects the consideration the Association expects to be entitled to in exchange for those services or products over time.

The Association derives its revenue primarily in the form of member assessments, in exchange for managing the community's affairs, certain exterior grounds and building maintenance, future capital acquisitions, and major repairs or replacements. Control transfers to members over time as management services are provided and maintenance, acquisitions, repairs or replacements take place.

For revenue relating to management services, maintenance, and repairs or small replacements, such revenue is recognized in the year provided. The output method is applied, measuring the provision of such services as they occur on a regular, recurring basis over time.

For revenue relating to estoppel fees, car charging station and other miscellaneous income control transfers to members at a point in time when the services are used.

For revenue from a rooftop lease for cell services control transfers over time.

1. **Concentration of Credit Risk**

Accounts at financial institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2022, there were no uninsured account balances.

2. **Reserve Fund**

Chapter 781.112(1)(f)2 of the Florida Statutes requires that the annual budget include reserves for capital expenditures and deferred maintenance unless the majority of the voting members of the association, at a duly called meeting at which a quorum is attained, vote to waive, in whole or in part, such reserve requirements.

Chapter 718.112(1)(f)3 further states that "reserve funds and any interest accruing thereon shall remain in the reserve account(s), and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests present at a duly called meeting of the association.

See independent accountants' review report.

Lakeridge Condominium Association, Inc.

NOTES TO FINANCIAL STATEMENTS (Cont'd)

For The Year Ended December 31, 2022

2. Reserve Fund (Cont'd)

The board is funding for major repairs and replacements over the remaining useful lives of the components based on estimates of future replacement costs and considering amounts previously accumulated in the reserve fund.

The pooling method is a statutorily accepted calculation whereby amounts to be funded are estimated based upon future cash outlays. In addition to the total estimated cost to replace and the consideration of amounts already accumulated for the components, the calculation considers the longest time to which a component will be repaired or replaced. Annual funding requirements will be based upon the total projected cash outlay over the entire period divided by the number of years in the period. Accordingly, the funding requirement of \$138,576 has been included in the 2022 budget.

Funds are being accumulated in the reserve fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investments in income may vary from estimated amounts and the variations may be material. Therefore, amounts accumulated in the reserve fund may not be adequate to meet all future repairs and replacements. If additional funds are needed, the association has the right, subject to membership approval, to increase regular assessments, pass special assessments or delay major repairs and replacements until funds are available.

The following information is presented in accordance with the State of Florida requirements to disclose activity in the specific reserve accounts.

<u>Components</u>	<u>Balance</u> <u>1/1/2022</u>	<u>Amount</u> <u>Funded</u> <u>2022</u>	<u>Expenses</u> <u>2022</u>	<u>Interest</u> <u>Earned</u>	<u>Balance</u> <u>12/31/2022</u>
General reserves	\$ 100,796	\$ 138,576	\$ 114,661	\$ 9	\$ 124,720

3. Contract Balances

The following is a summary of contract balances:

<u>Description</u>	<u>Amount</u>
Receivables	\$ 3,153
Contract assets	\$ -
Contract liabilities	\$ 132,939

See independent accountants' review report.

Lakeridge Condominium Association, Inc.
NOTES TO FINANCIAL STATEMENTS (Cont'd)
 For The Year Ended December 31, 2022

4. Disaggregated Revenue

The following is a summary of disaggregated revenue:

<u>Description</u>	<u>Amount</u>
Performance obligations satisfied at a point in time	\$ 31,600
Performance obligations satisfied over time	393,196
Revenue from other sources	44,202
	<u>\$ 468,998</u>

5. Special Assessment

A special assessment was imposed on all unit owners to cover increased insurance costs.

See independent accountants' review report.

SUPPLEMENTARY INFORMATION

Lakeridge Condominium Association, Inc.
Supplementary Information on Future Major Repairs and Replacements - Unaudited
 For the Year Ended December 31, 2022

The Association's Board of Directors (the "Board") has estimated the remaining useful lives and the replacement costs of the components of the common property. The estimates were based on future estimated replacement costs.

The following information is based on these estimated values, and presents significant information about the components of the common property.

<u>Components</u>	d Remainin g Useful	Estimated Current Replacement Costs	2022 Funding Requirement	Components of Fund Balance 12/31/22
Roof rehab/ repair/ replace	9	\$ 200,000	\$ -	\$ -
Building painting	2	120,000	-	-
Parking lot	3	75,000	-	-
Pool rehab/ furniture/fixtures, Needs	1	30,000	-	-
Carpet	6	30,000	-	-
Tennis court	2	10,000	-	-
Elevators	10	50,000	-	-
Carports	9	10,000	-	-
Recreation room-Needs/repairs	2	10,000	-	-
Fire system	10	15,000	-	-
Gates & access sys./All electrical	5	40,000	-	-
Building repiping & plumbing needs	8	50,000	-	-
Windows & doors	5	200,000	-	-
Pooled reserve	-	-	138,576	124,720
Total		<u>\$ 840,000</u>	<u>\$ 138,576</u>	<u>\$ 124,720</u>

See independent accountants' review report.

Lakeridge Condominium Association, Inc.

Supplementary Information of Actual to Budget Revenues and Expenses - Unaudited

For the Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Over/ (Under)</u>
<u>Revenues:</u>			
Member assessments	\$ 417,120	\$ 417,120	\$ -
Special assessment	31,600	-	31,600
Other income	44,096	24,756	19,340
Interest income	106	-	106
Total revenues	492,922	441,876	51,046
<u>Expenses:</u>			
Building maintenance	130,939	95,000	35,939
Utilities and telephone	112,140	116,900	(4,760)
Insurance	67,000	39,300	27,700
Grounds maintenance	15,603	15,000	603
Pool maintenance	6,427	6,300	127
Professional fees	12,243	3,400	8,843
Office supplies and expense	6,259	3,990	2,269
Payroll taxes	4,460	5,050	(590)
Payroll processing	1,676	1,600	76
Community relations	2,002	2,000	2
Taxes and licenses	362	577	(215)
Income tax	11,295	-	11,295
Contingency	-	3,000	(3,000)
Reserve expenses	114,661	133,296	(18,635)
Total expenses	485,067	425,413	59,654
<u>Excess of Revenues over Expenses (Deficit)</u>	\$ 7,855	\$ 16,463	\$ (8,608)

See independent accountants' review report.

Lakeridge Condominium Association, Inc.
Supplementary Information - Statement of Revenues and Expenses
Actual to Prior Year - Unaudited
For the Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
<u>Revenues:</u>			
Member assessments	\$ 417,120	\$ 416,680	\$ 440
Other income	44,096	56,438	(12,342)
Interest income	106	17	89
Total revenues	<u>461,322</u>	<u>473,135</u>	<u>(11,813)</u>
<u>Expenses:</u>			
Building maintenance	130,939	140,932	(9,993)
Utilities and telephone	112,140	113,776	(1,636)
Insurance	67,000	38,455	28,545
Grounds maintenance	15,603	15,041	562
Pool maintenance	6,427	6,362	65
Professional fees	12,243	10,031	2,212
Office supplies and expense	6,259	3,768	2,491
Payroll taxes	4,460	4,277	183
Payroll processing	1,676	1,585	91
Community relations	2,002	1,372	630
Taxes and licenses	362	894	(532)
Income tax	11,295	14,325	(3,030)
Reserve expenses	114,661	197,889	(83,228)
Total expenses	<u>485,067</u>	<u>548,707</u>	<u>(63,640)</u>
<u>Excess of Revenues over Expenses (Deficit)</u>	<u>\$ (23,745)</u>	<u>\$ (75,572)</u>	<u>\$ 51,827</u>

See independent accountants' review report.