

Bridgewater Crossing Homeowners Association, Inc.

Financial Statements and
Supplementary Information

December 31, 2014

Cole & Associates, LLC

Certified Public Accountants

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Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Bridgewater Crossing Homeowners Association, Inc.

To the Board of Directors:

We have reviewed the accompanying balance sheet of Bridgewater Crossing Homeowners Association, Inc. as of December 31, 2014 and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association 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 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 and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Bridgewater Crossing Homeowners Association, Inc. has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. The supplemental schedules on pages 10 - 11 are presented for analytical purposes only. The information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, we do not express an opinion or provide any assurance on the supplementary information.



Cole & Associates, CPA, LLC
Certified Public Accountants
April 21, 2015

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.**BALANCE SHEET****DECEMBER 31, 2014**

	Operating Fund	Replacement Fund	Total
ASSETS:			
Cash	\$ 138,518	\$ 73,387	\$ 211,905
Assessments receivable (Note 3)	13,972	-	13,972
Prepaid expenses	1,068	-	1,068
Other assets	1,995	-	1,995
TOTAL ASSETS	<u>\$ 155,553</u>	<u>\$ 73,387</u>	<u>\$ 228,940</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 8,687	\$ -	\$ 8,687
Prepaid assessments	15,318	-	15,318
TOTAL LIABILITIES	24,005	-	24,005
FUND BALANCE	<u>131,548</u>	<u>73,387</u>	<u>204,935</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 155,553</u>	<u>\$ 73,387</u>	<u>\$ 228,940</u>

See accompanying notes and accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2014

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE:			
Assessment income	\$ 129,520	\$ 16,000	\$ 145,520
Interest income	216	139	355
Other income	<u>6,220</u>	<u>-</u>	<u>6,220</u>
TOTAL REVENUE	<u>135,956</u>	<u>16,139</u>	<u>152,095</u>
 EXPENDITURES:			
Accounting & legal	17,918	-	17,918
Bad debt	2,256	-	2,256
Contract grounds maintenance	36,565	-	36,565
Insurance	9,531	-	9,531
Irrigation repair	2,602	-	2,602
Licenses, permits & taxes	1,393	-	1,393
Management fees	14,000	-	14,000
Office & other expenses	4,117	-	4,117
Other grounds maintenance	15,764	-	15,764
Pool maintenance	8,047	-	8,047
Safety & security	3,596	-	3,596
Utilities	19,011	-	19,011
Reserve expenditures	<u>-</u>	<u>8,600</u>	<u>8,600</u>
TOTAL EXPENDITURES	<u>134,800</u>	<u>8,600</u>	<u>143,400</u>
REVENUE IN EXCESS OF EXPENDITURES	1,156	7,539	8,695
BEGINNING FUND BALANCE	<u>130,392</u>	<u>65,848</u>	<u>196,240</u>
ENDING FUND BALANCE	<u>\$ 131,548</u>	<u>\$ 73,387</u>	<u>\$ 204,935</u>

See accompanying notes and accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Operating Fund	Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Assessment fees collected	\$ 129,788	\$ 17,382
Interest received	216	139
Other income	6,220	-
Cash paid for operating expenses	(135,523)	-
Replacement expenses paid	-	(8,600)
Net cash provided (used) by operating activities	701	8,921
NET CHANGE IN CASH	701	8,921
CASH AND CASH EQUIVALENTS - Beginning of Year	137,817	64,466
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 138,518</u>	<u>\$ 73,387</u>

See accompanying notes and accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	Operating Fund	Replacement Fund
	<u> </u>	<u> </u>
RECONCILIATION OF NET REVENUES AND EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenues over expenditures	\$ 1,156	\$ 7,539
Adjustment to reconcile net revenues and expenditures to net cash provided by operating activities:		
Bad debt expense	2,256	-
(Increase) decrease in:		
Assessments receivable	(4,063)	-
Prepaid expenses	536	-
Due from operating fund	-	1,382
Due to replacement fund	(1,382)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	123	-
Prepaid assessments	2,075	-
Net cash provided (used) by operating activities:	<u>701</u>	<u>8,921</u>
NET CHANGE IN CASH	<u>701</u>	<u>8,921</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>137,817</u>	<u>64,466</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 138,518</u></u>	<u><u>\$ 73,387</u></u>

See accompanying notes and accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bridgewater Crossing Homeowners Association, Inc. ("The Association") is incorporated in the State of Florida. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 220 residential units located in Polk County, Florida.

Financial Statements

The accompanying financial statements were prepared pursuant to the requirements of Florida Statutes and the American Institute of Certified Public Accountants.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenditures.

The Operating Fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations. Expenditures from this fund are limited to those connected with daily operations.

The Replacement Fund is composed of capital assessments paid by unit owners to fund future replacements and major repairs. Expenditures from this fund are typically restricted to those items for which assessments were specifically collected. Interest earned on replacement funds remains in the Replacement Fund and may only be expended for components previously funded.

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.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real and Common Area Property

The Association capitalizes all property and equipment to which it holds title or has other evidence of ownership. Real and common area 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.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Concentrations of Risk

The Association maintains cash balances at several banks. Deposits at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2014, the uninsured portion of cash balances is \$0.

The Association has obtained insurance coverage for damages covered by windstorm. The Association would be responsible for losses up to the amount of the deductible and has the right to increase regular assessments, levy a special assessment or delay repairs until adequate funds are available.

Commitments and Contingency

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were issued.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS (Continued)

The following table presents significant information about the components of common property:

COMPONENT	BALANCE 12/31/13	FUNDING DURING YEAR	INTEREST & OTHER INCOME	CHARGES TO FUND	BALANCE 12/31/14
Tennis Court	\$ 3,080	\$ 1,000	\$ -	\$ -	\$ 4,080
Tot Lot	-	2,000	-	-	2,000
Pool	12,619	1,500	-	-	14,119
Contingency	3,134	5,000	-	(8,600)	(466)
Wall	119	1,500	-	-	1,619
Cabana	15,974	2,000	-	-	17,974
Hurricane Repair	18,833	1,000	-	-	19,833
Mailbox Repair	-	2,000	-	-	2,000
Road Repair	9,836	-	-	-	9,836
Legal	2,117	-	-	-	2,117
Unalloc. Interest	136	-	139	-	275
TOTAL	\$ 65,848	\$ 16,000	\$ 139	\$ (8,600)	\$ 73,387

NOTE 3: MEMBER ASSESSMENTS

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Association expenses are allocated on a pro-rata basis per unit (1/220). Assessments receivable at the balance sheet date represent fees due from unit owners. It is the Association's policy to retain legal counsel and place liens on the property of delinquent homeowners. Assessments that have been deemed to be uncollectible as of the report date have been charged to bad debts. The allowance for uncollectible accounts is \$10,721 on December 31, 2014.

NOTE 4: INCOME TAXES

Associations may be taxed as homeowners' associations or as regular corporations. In 2014, the Association elected to be taxed as a homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, net of directly related expenses, at a rate of 30%. Income tax expense was \$0 for the year then ended.

Under federal and state income tax laws, an entity's tax returns are subject to examination by the applicable taxing authorities. The time period during which a return may be selected by a taxing authority for examination generally ends at the latter of three years after the initial due date of the return or three years after the return is filed. At December 31, 2014, the Association's tax years that remain subject to examination are 2011 - 2014.

SUPPLEMENTAL INFORMATION

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL TO BUDGET (UNAUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
REVENUE:			
Assessment income	\$ 145,520	\$ 149,600	\$ (4,080)
Interest income	216	-	216
Other income	<u>6,220</u>	<u>3,000</u>	<u>3,220</u>
TOTAL REVENUE	<u>151,956</u>	<u>152,600</u>	<u>(644)</u>
EXPENDITURES:			
Accounting & legal	17,918	16,200	1,718
Bad debt	2,256	5,000	(2,744)
Contract grounds maintenance	36,565	30,000	6,565
Insurance	9,531	12,437	(2,906)
Irrigation repair	2,602	3,000	(398)
Licenses, permits & taxes	1,393	550	843
Management fees	14,000	14,000	-
Office & other expenses	4,117	6,160	(2,043)
Other grounds maintenance	15,764	31,653	(15,889)
Other pool maintenance	-	240	(240)
Pool maintenance	8,047	7,500	547
Recreation repairs & maintenance	-	200	(200)
Safety & security	3,596	3,500	96
Utilities	19,011	20,000	(989)
Reserve funding	<u>16,000</u>	<u>16,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>150,800</u>	<u>166,440</u>	<u>(15,640)</u>
REVENUE IN EXCESS OF EXPENDITURES	<u>\$ 1,156</u>	<u>\$ (13,840)</u>	<u>\$ 14,996</u>

See independent accountant's report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES AND EXPENDITURES
ACTUAL TO PRIOR YEAR (UNAUDITED)**

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>	<u>Variance</u>
REVENUE:			
Assessment income	\$ 145,520	\$ 168,708	\$ (23,188)
Interest income	216	145	71
Other income	<u>6,220</u>	<u>20,255</u>	<u>(14,035)</u>
TOTAL REVENUE	<u>151,956</u>	<u>189,108</u>	<u>(37,152)</u>
EXPENDITURES:			
Accounting & legal	17,918	26,653	(8,735)
Bad debt	2,256	-	2,256
Contract grounds maintenance	36,565	36,139	426
Insurance	9,531	9,677	(146)
Irrigation repair	2,602	1,384	1,218
Licenses, permits & taxes	1,393	1,301	92
Management fees	14,000	14,000	-
Office & other expenses	4,117	5,819	(1,702)
Other grounds maintenance	15,764	27,047	(11,283)
Other pool maintenance	-	2,660	(2,660)
Pool maintenance	8,047	7,366	681
Safety & security	3,596	3,180	416
Utilities	19,011	18,451	560
Reserve funding	<u>16,000</u>	<u>16,500</u>	<u>(500)</u>
TOTAL EXPENDITURES	<u>150,800</u>	<u>170,177</u>	<u>(19,377)</u>
REVENUE IN EXCESS OF EXPENDITURES	<u>\$ 1,156</u>	<u>\$ 18,931</u>	<u>\$ (17,775)</u>

See independent accountant's report.

Bridgewater Crossing Homeowners
 Client's Post Closing AJEs for entry to 2015
 1/1/2014

JE No.	Client Acct.	WP REF	Description	- Dr -	- Cr -	P/L Effect	Rsv FB Effect
AJE01	3000 6600 7000	<u>I-3</u>	Owners Equity - Prior Years General Repair & Maintenance Accounting Fees/Tax Prep <i>To accrue 2014 expenses</i>	2,083.00	633.00 1,450.00	(2,083.00)	
AJE04	3000 1799	<u>B-4</u>	Owners Equity - Prior Years Clearing Account <i>To reclassify misc. debit in clearing acct</i>	75.00	75.00	(75.00)	
				2,158.00	2,158.00	(2,158.00)	-

Fund Balance Reconciliation:

	Operating	Replacement
Fund Balance per client DR/(CR)	133,709.00	73,384.00
Adjustments	(2,158.00)	-
Fund Balance per report	131,551.00	73,384.00

Discussed with Client:

_____ Date _____
 Position

Approved by:

_____ Date _____
 Position