

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2020

JOSEPH V. MARULLO, SR. LLC

Certified Public Accountant

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2020

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JOSEPH V. MARULLO, SR. LLC

Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Members
Bridgewater Crossing Homeowners Association, Inc.

I have reviewed the accompanying financial statements of Bridgewater Crossing Homeowners Association, Inc. which comprise the balance sheet, as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balances, 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 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, 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 presentation of financial statements that are free from material misstatement whether 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 States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion on the Financial Statements

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

Required Supplementary Information

Management 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 results of my review of the basic financial statements are not affected by that missing information.

Joseph V. Marullo, Sr., CPA LLC

Joseph V. Marullo, Sr., CPA LLC

Orlando, Florida
February 28, 2021

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
BALANCE SHEET
December 31, 2020

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash	\$ 163,096	\$ 160,911	\$ 324,007
Assessments receivable, net of allowance for doubtful accounts of \$405	11,182	-	11,182
Prepaid insurance	6,937	-	6,937
Deposits	1,995	-	1,995
	\$ 183,210	\$ 160,911	\$ 344,121
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 1,110	\$ -	\$ 1,110
Accrued expenses	13,284	-	13,284
Prepaid assessments	19,311	-	19,311
Contract liabilities (Assessments received in advance-Replacement Fund)	-	160,587	160,587
	33,705	160,587	194,292
TOTAL LIABILITIES	149,505	324	149,829
FUND BALANCES	\$ 183,210	\$ 160,911	\$ 344,121

See accompanying notes and independent accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
REVENUES			
Assessments	\$ 130,361	\$ 3,600	\$ 133,961
Assessments-Bridgewater TH	32,285	-	32,285
Assessments-Waterford TH	6,359	-	6,359
Late fee income	1,382	-	1,382
Interest income	27	524	551
Miscellaneous	240	-	240
	<u>\$ 170,654</u>	<u>\$ 4,124</u>	<u>\$ 174,778</u>
EXPENSES			
Repairs and maintenance	\$ 22,535	\$ -	\$ 22,535
Grounds maintenance contracts	62,761	-	62,761
Pool contract	8,201	-	8,201
Bridgewater TH expenses	22,946	-	22,946
Waterford TH expenses	1,534	-	1,534
Utilities	21,018	-	21,018
Management fees	16,152	-	16,152
Professional fees	1,250	-	1,250
Legal fees	2,052	-	2,052
Licenses, fees, and taxes	341	-	341
Insurance	1,694	-	1,694
Postage, printing and copies	2,687	-	2,687
Office supplies	148	-	148
Miscellaneous	564	-	564
Major repairs and replacements	-	3,600	3,600
	<u>163,883</u>	<u>3,600</u>	<u>167,483</u>
EXCESS OF REVENUES OVER EXPENSES	6,771	524	7,295
FUND BALANCES - BEGINNING	142,734	1,587	144,321
Equity transfer	-	(1,787)	(1,787)
FUND BALANCES - ENDING	<u>\$ 149,505</u>	<u>\$ 324</u>	<u>\$ 149,829</u>

See accompanying notes and independent accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 6,771	\$ 524	\$ 7,295
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments receivable (net)	(1,388)	-	(1,388)
Prepaid insurance	(5,245)	-	(5,245)
Increase (decrease) in:			
Accounts payable	1,110	-	1,110
Accrued expenses	8,856	-	8,856
Prepaid assessments	(1,550)	-	(1,550)
Contract liabilities (Assessments received in advance-Replacement Fund)	-	37,029	37,029
CASH PROVIDED BY OPERATING ACTIVITIES	<u>8,554</u>	<u>37,553</u>	<u>46,107</u>
NET INCREASE IN CASH	8,554	37,553	46,107
CASH - BEGINNING OF YEAR	<u>154,542</u>	<u>123,358</u>	<u>277,900</u>
CASH - END OF YEAR	<u><u>\$ 163,096</u></u>	<u><u>\$ 160,911</u></u>	<u><u>\$ 324,007</u></u>

See accompanying notes and independent accountant's review report.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - NATURE OF ORGANIZATION

Bridgewater Crossing Homeowners Association, Inc. is incorporated under the laws of the State of Florida as a not-for-profit corporation for the purpose of the operation and maintenance of the common property of the development. The development consists of 250 residential units located in Polk County, Florida. The Association is managed by the Board of Directors (the Board).

The Board has contracted with Don Asher and Associates, Inc. (the Property Manager) to manage the property.

NOTE B - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through the date of the report, which is the date the financial statements were available.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association's governing documents provide certain guidelines for governing the 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 the 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

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. Property and equipment acquired by the Association are recorded at cost and property contributed to the Association by the developer is recorded at estimated fair value at the date of contribution.

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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent.

Any excess assessments at year-end are retained by the Association for use in the succeeding year. At December 31, 2020, the Association had net assessments receivable of \$11,182. It is the opinion of the board of directors that an allowance for doubtful accounts of \$405 is deemed necessary at December 31, 2020 to cover anticipated losses.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$9,794 and \$11,182, respectively.

Contract liabilities (Assessments received in advance-replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$121,771 and \$160,587, respectively.

Replacement Fund Interest

The Association's policy is to maintain Replacement Fund interest earned in an equity account and allocate the funds at the discretion of the Board.

Allocation of Income and Expenses

Income and expenses are allocated equally to the unit owners.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurement and Disclosures*, 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 principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurement - Continued

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, 2020, therefore no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2020.

NOTE D - INCOME TAXES

The Association qualifies as a tax-exempt homeowners' association under Internal Revenue Code Section 528 for the year ended December 31, 2020. Under that section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Net nonexempt function income, which includes earned interest and revenues received from nonmembers, is taxed at 30% by the federal government. There were no income taxes due for the year ended December 31, 2020. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. At December 31, 2020, the Association's tax years that remain subject to examination are 2017-2020.

NOTE E - UNINSURED CASH BALANCES

The Association maintains its cash balances at one financial institution. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$250,000. Uninsured balances are approximately \$74,007 at December 31, 2020.

NOTE F - FUTURE MAJOR REPAIRS AND REPLACEMENTS

Florida Statutes allow homeowners' associations to budget reserve accounts for capital expenditures and deferred maintenance for which the association is responsible. An association shall be deemed to have provided for reserve accounts when reserve accounts have been initially established by the developer or when the membership of the association affirmatively elects to provide for reserves. Once an association provides for reserve accounts in the budget, the association shall thereafter determine, maintain, and waive reserves in compliance with the Florida Statutes. Accumulated funds, which aggregate \$160,911 at December 31, 2020, are held in a separate bank account and are not generally available for operating purposes. In the fall of 2018, the Association estimated the remaining useful lives and the replacement costs of the components of common property. The estimates were based on professional judgement, which may include contractor estimates for major components.

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F - FUTURE MAJOR REPAIRS AND REPLACEMENTS - Continued

The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously designated for future repairs and replacements. Actual expenditures, however, may vary from the estimated amounts and these variations may be material. Therefore, amounts designated for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

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

COMMON AREA COMPONENT	Balance January 1, 2020	Additions to Fund	Charges to Fund	Transfers	Balance December 31, 2020
<u>Contract Liabilities</u>					
Tennis court	\$ (7,583)	\$ 3,500	\$ -	\$ 1,787	\$ (2,296)
Tot lot	9,271	1,500	-	-	10,771
Pool	20,382	1,500	-	-	21,882
Contingency	14,113	17,000	-	-	31,113
Wall	7,119	1,000	-	-	8,119
Cabana	20,042	1,000	3,600	-	17,442
Hurricane repairs	21,025	960	-	-	21,985
Mailbox repairs	7,335	480	-	-	7,815
Road repair	6,015	-	-	-	6,015
Legal	2,117	-	-	-	2,117
Bridgewater TH					
Paint	11,250	6,000	-	-	17,250
Pavement	1,125	600	-	-	1,725
Roof	9,560	5,098	-	-	14,658
Waterford TH					
Paint	-	555	-	-	555
Pavement	-	89	-	-	89
Roof	-	1,347	-	-	1,347
Total Contract Liabilities	\$ 121,771	\$ 40,629	\$ 3,600	\$ 1,787	\$ 160,587
<u>Equity</u>					
Interest	1,587	524	-	(1,787)	324
Total Contract Liabilities and Fund Balance	\$ 123,358	\$ 41,153	\$ 3,600	\$ -	\$ 160,911

BRIDGEWATER CROSSING HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F - FUTURE MAJOR REPAIRS AND REPLACEMENTS - Continued

LIMITED RESERVES INCLUDED IN BUDGET

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS...BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

NOTE G - COVID PANDEMIC

The markets have been negatively impacted by a novel strain of coronavirus (COVID-19) which was declared a pandemic by the World Health Organization (WHO) on March 11, 2020. The continued spread of Covid-19 and the actions being taken by governments, businesses, and individuals to limit this pandemic may adversely impact operations, including among others increasing the credit risk of owners and collectability of owner assessments. This has resulted in significant economic uncertainty, of which the potential impact to the Association's future financial results is difficult to measure.

NOTE H - SUPPLEMENTAL CASH FLOW INFORMATION

Income taxes paid	<u>\$0</u>
Interest paid	<u>\$0</u>