

**COPPERFIELD PROPERTY
OWNERS' ASSOCIATION, INC.**

FINANCIAL STATEMENTS

December 31, 2018

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Balance sheet	2
Statement of revenue, expenses, and changes in fund balances	3
Statement of cash flows	4
Notes to financial statements	5 - 6



Taylor & Lockard, PA
Certified Public Accountants

To the Board of Directors
Copperfield Property Owners' Association, Inc.
Merritt Island, Florida

Management is responsible for the accompanying financial statements of Copperfield Property Owners' Association, Inc., which comprise the balance sheet as of December 31, 2018, 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 in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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 an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Taylor & Lockard, P.A.
Certified Public Accountants
Cocoa Beach, FL

March 12, 2019

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

**BALANCE SHEET
December 31, 2018**

ASSETS

	Operating Fund	Replacement Fund	Total
Current Assets			
Cash, including interest bearing deposits	\$ 26,409	\$ 9,847	\$ 36,256
Due to reserves from operating	(15,857)	15,857	-
Assessments receivable	1,026	-	1,026
Certificates of deposit	18,797	-	18,797
Prepaid expense	1,569	-	1,569
Total Current Assets	31,944	25,704	57,648
Long Term Assets			
Utility deposits	70	-	70
Total Assets	<u>\$ 32,014</u>	<u>\$ 25,704</u>	<u>\$ 57,718</u>

LIABILITIES AND FUND BALANCES

	Operating Fund	Replacement Fund	Total
Current Liabilities			
Prepaid assessments	\$ 2,032	\$ -	\$ 2,032
Fund Balances			
Fund balances	29,982	25,704	55,686
Total Liabilities and Fund Balances	<u>\$ 32,014</u>	<u>\$ 25,704</u>	<u>\$ 57,718</u>

See Independent Accountants' Compilation Report and accompanying notes.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES
For the year ended December 31, 2018**

	Operating Fund	Replacement Fund	Total
Revenues			
Regular assessments	\$ 31,925	\$ 3,055	\$ 34,980
Other income	129	-	129
Interest income	90	15	105
	<hr/>	<hr/>	<hr/>
Total Revenue	32,144	3,070	35,214
 Operating Expenses			
Lawn service	7,095	-	7,095
Management fees	6,420	-	6,420
Insurance	2,693	-	2,693
Lake maintenance	1,932	-	1,932
Accounting and legal	1,512	-	1,512
Office	1,449	5	1,454
Landscape entrance	1,108	-	1,108
Irrigation repair	779	-	779
Annual picnic	309	-	309
Miscellaneous	300	-	300
Irrigation utilities	286	-	286
Postage and delivery	155	-	155
Tree trimming	140	-	140
Repairs and maintenance	97	-	97
Printing and copying	74	-	74
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	24,349	5	24,354
 Excess of Revenues Over Expenses	7,795	3,065	10,860
 Fund Balances, Beginning of Year	22,187	22,639	44,826
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	<u>\$ 29,982</u>	<u>\$ 25,704</u>	<u>\$ 55,686</u>

See Independent Accountants' Compilation Report and accompanying notes.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2018

	Operating Fund	Replacement Fund	Total
Cash Flows from Operating Activities			
Excess of revenues over expenses	\$ 7,795	\$ 3,065	\$ 10,860
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
Decrease in assets			
Assessments receivable	345	-	345
Prepaid expense	38	-	38
Prepaid assessments	614	-	614
Net Cash Provided by Operating Activities	8,792	3,065	11,857
Net Cash Provided (Used) by Financing Activities			
Interfund activity	3,055	(3,055)	-
Net Cash (Provided) by Investing Activities			
Interest earned on Certificates of Deposit	(90)	-	(90)
Net Increase in Cash	11,757	10	11,767
Cash, Beginning of Year	14,652	9,837	24,489
Cash, End of Year	<u>\$ 26,409</u>	<u>\$ 9,847</u>	<u>\$ 36,256</u>

See Independent Accountants' Compilation Report and accompanying notes.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1 – NATURE OF ORGANIZATION

Copperfield Property Owners' Association, Inc. (the "Association") is a statutory homeowners' association incorporated in the State of Florida in 1994. The Association is responsible for the operation and maintenance of the common property of Copperfield. Copperfield Property Owners' Association, Inc. consists of 159 homes located in Merritt Island, Florida.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting - The Association's governing documents provide certain guidelines for governing 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 the general operations of the Association.

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

Member assessments - Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represents fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments remain delinquent. Excess assessments at year-end are retained by the Association for use in the succeeding year.

Interest Income – Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Income taxes – Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2018, 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 at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

Property and equipment – Real property and common areas and 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.

See Independent Accountants' Compilation Report.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$25,704 at December 31, 2018, are held in separate accounts and are generally not available for operating purposes.

Actual cash funding of the replacement fund at December 31, 2018, was \$9,847 including interest earned of \$15 for the year. This represents the amount of funds that are set aside for future repairs and replacements. The Association holds a certificate of deposit in the amount of \$18,797 as of December 31, 2018. Although not specifically designated as reserves cash, the amount owed to reserves from operating is held within this certificate of deposit.

As of the balance sheet date, no formal study had been performed to determine the estimated remaining useful lives or the estimated current replacement cost of the components of common property. Therefore, the adequacy of the replacement fund cannot be estimated. When replacement funds are needed, the Association has the right to increase the quarterly assessments, pass special assessments, or delay replacement until such funds are available.

Reserve accounts have been established to specifically identify the purpose for which the assets are restricted. The following table represents the components of the Reserve Fund as of December 31, 2018.

	<u>12/31/17</u>	<u>Additions, Reclassifications, and Interest</u>	<u>12/31/18</u>
Entry wall	\$ 12,317	\$ 1,533	\$ 13,850
Storm water maintenance	<u>10,322</u>	<u>1,532</u>	<u>11,854</u>
	<u>\$ 22,639</u>	<u>\$ 3,065</u>	<u>\$ 25,704</u>

See Independent Accountants' Compilation Report.