

ORANGE GROVE PARK CONDOMINIUM, INC.
LEHIGH ACRES, FLORIDA
COMPILED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017



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To the Board of Directors of
Orange Grove Park Condominium, Inc.

Management is responsible for the accompanying financial statements of Orange Grove Park Condominium, Inc., which comprise the balance sheet as of December 31, 2017, 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.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 11 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not performed an audit, review, or compilation on the required supplementary information and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the information.

The supplementary information contained in the schedule of operating fund revenues and expenses - budget to actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information, except for the budget, was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on the information.



MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
September 26, 2018

ORANGE GROVE PARK CONDOMINIUM, INC.
BALANCE SHEET
DECEMBER 31, 2017

	FUNDS		
	Operating	Replacement	Total
ASSETS			
Cash	\$ 31,508	\$ 54,504	\$ 86,012
Certificates of deposit	-	79,065	79,065
Accounts receivable - members	3,620	-	3,620
Due from (to) funds	58	(58)	-
Total assets	<u>\$ 35,186</u>	<u>\$ 133,511</u>	<u>\$ 168,697</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Assessments received in advance	\$ 9,660	\$ -	\$ 9,660
FUND BALANCES	<u>25,526</u>	<u>133,511</u>	<u>159,037</u>
Total liabilities and fund balances	<u>\$ 35,186</u>	<u>\$ 133,511</u>	<u>\$ 168,697</u>

See accompanying notes and accountants' report.

ORANGE GROVE PARK CONDOMINIUM, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017

	FUNDS		
	Operating	Replacement	Total
REVENUES			
Assessments	\$ 124,763	\$ 35,677	\$ 160,440
Late and estoppel fees	1,974	-	1,974
Other	6,349	-	6,349
Total revenues	133,086	35,677	168,763
EXPENSES	128,914	56,250	185,164
Excess (deficiency) of revenues over expenses	4,172	(20,573)	(16,401)
FUND BALANCES - January 1, 2017 (Operating fund restated)	21,354	154,084	175,438
FUND BALANCES - December 31, 2017	<u>\$ 25,526</u>	<u>\$ 133,511</u>	<u>\$ 159,037</u>

See accompanying notes and accountants' report.

ORANGE GROVE PARK CONDOMINIUM, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	FUNDS		
	Operating	Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Assessments and late and estoppel fees collected	\$ 132,777	\$ 35,677	\$ 168,454
Other revenue received	6,349	-	6,349
Cash paid for expenditures	(134,064)	(56,250)	(190,314)
Net cash provided (used) by operating activities	5,062	(20,573)	(15,511)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest reinvested	-	(512)	(512)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund reimbursement	2,099	(2,099)	-
Net increase (decrease) in cash	7,161	(23,184)	(16,023)
CASH - January 1, 2017	24,347	77,688	102,035
CASH - December 31, 2017	<u>\$ 31,508</u>	<u>\$ 54,504</u>	<u>\$ 86,012</u>

RECONCILIATION OF EXCESS (DEFICIENCY)
OF REVENUES OVER EXPENSES TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES

Excess (deficiency) of revenues over expenses	<u>\$ 4,172</u>	<u>\$ (20,573)</u>	<u>\$ (16,401)</u>
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided (used) by operating activities:			
Restatement	(5,150)	-	(5,150)
Changes in:			
Accounts receivable - members	(3,620)	-	(3,620)
Assessments received in advance	9,660	-	9,660
Total adjustments	<u>890</u>	<u>-</u>	<u>890</u>
Net cash provided (used) by operating activities	<u>\$ 5,062</u>	<u>\$ (20,573)</u>	<u>\$ (15,511)</u>

See accompanying notes and accountants' report.

ORANGE GROVE PARK CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 1 - THE ASSOCIATION

Orange Grove Park Condominium, Inc. (the "Association") was incorporated on February 14, 1972, under the laws of Florida as a non-profit corporation, to administer, manage and operate Orange Grove Park (the "Condominium"). The Association consists of 192 units located in Lehigh Acres, Florida. The owners of all units in the Association are the only members. The Association retains one unit to use as office space.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 26, 2018, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and presents them as separate funds based on its different funding policies for operations and major repairs and replacements.

The operating fund reflects the operating portion of the monthly assessments billed to the members to meet the various day-to-day expenditures incurred in the administration and operation of the Condominium.

The replacement fund is composed of the portion of the monthly assessments designated in the budget to fund future major repairs and replacements, as further described in Note 6.

Accounts Receivable

Accounts receivable are generally considered delinquent when the payment is not received on or before the due date. Association management has reviewed accounts receivable outstanding as of December 31, 2017, and considers them to be fully collectible. Based on this and the Association's history of insignificant bad debt on accounts receivable, no allowance for uncollectible accounts is considered necessary. Expense is recognized during the period in which a specific account is determined to be uncollectible. There was no bad debt expense for the year ended December 31, 2017.

Property and Equipment

The Association follows prevalent industry practice, as contained in ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant and Equipment" in accounting for the common property of the Association, which it is responsible to preserve and maintain. Property is capitalized only if the Association has title or other evidence of ownership of the property, and either the Association can dispose of the property or the property is used by the Association to generate significant cash flow from members on the basis of usage or from nonmembers.

ORANGE GROVE PARK CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

Property associated with the units is not capitalized. Property not directly associated with the units consists of street areas, park areas, swales, sidewalks, conduits, and street lighting located within the easement areas. These items are not capitalized as they do not meet the capitalization criteria, since ownership of the commonly owned assets is vested in the members, those assets are not titled in the Association's name and disposition of those assets by the Board of Directors (the "Board") is restricted. Additions and improvements to common property are accounted for as major repair and replacement expenditures in the replacement fund.

Income Taxes

The Association is incorporated as a not-for-profit corporation under the laws of the State of Florida, as contained in Chapter 718 of the Florida Statutes. However, the Association is not exempt from income taxes. For income tax purposes, the Association is required to segregate the results of its member activities from its nonmember activities and is separately taxed on each element. Nonmember activity losses may be used to offset member activity profits in current or future periods. Member activity losses are referred to as deferred expense carryforwards and cannot be used to offset nonmember activity profits. Due to the nature of the Association's operations, the Association believes neither type of loss carry-forward will be utilized. As a result, it is the Association's policy not to disclose the deferred tax asset and related valuation allowances associated with the carry-forwards. The Association incurred no federal or state income tax liability for the year ended December 31, 2017.

Management has analyzed its various federal and state filing positions and believes that the Association's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The Association's federal and state income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

Fair Value of Financial Instruments

Substantially all of the Association's assets and liabilities, excluding assessments received in advance, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument.

Revenue Recognition

Maintenance fees revenue is recognized monthly in the amount of the membership assessment allocation specified for current period operations, based on the annual budget determined and approved by the Board. A proportionate share of the assessments is charged for each unit.

Late and estoppel fees is recognized when collected.

Cash Flows

For the year ended December 31, 2017, the Association made no cash payments for income tax or interest.

See accountants' report.

ORANGE GROVE PARK CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 3 - 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 amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances and certificates of deposit at a financial institution. Accounts and certificates of deposit at the institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of December 31, 2017, these balances were fully insured, based on the bank statement balances, less the FDIC insurance.

NOTE 5 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consisted of future year assessments received by the Association prior to January 1, 2018.

NOTE 6 - REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements, by an allocation of the assessment charged to each member and specifically designated for the fund in the annual budget. Deductions from the fund are recorded as costs, as incurred, which are determined by the Board, to meet the objective for which the fund was established.

The following is a table of the activity in the replacement fund, by component, for the year ended December 31, 2017:

Components	Balance January 1, 2017	Additions to Fund	Charges to Fund	Balance December 31, 2017
Roads	\$ 63,906	\$ 8,100	\$ -	\$ 72,006
Painting	24,480	18,613	135	42,958
Shingles/mansard	-	8,964	-	8,964
Paint/stucco	55,312	-	55,312	-
Fence	10,386	-	803	9,583
	<u>\$ 154,084</u>	<u>\$ 35,677</u>	<u>\$ 56,250</u>	<u>\$ 133,511</u>

During the year ended December 31, 2017, the Association funded for major repairs and replacements over the estimated useful lives of the components, based on an independent appraiser's estimates of current replacement costs.

The 2018 proposed budgeted funding is \$30,800, as shown in the supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board, on behalf of the Association, has the power to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

See accountants' report.

ORANGE GROVE PARK CONDOMINIUM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 7 - RESTATEMENT

The operating fund balance as of January 1, 2017, was restated by \$5,150 due to an understatement of assessments revenue in the prior year. There is no tax effect related to the restatement.

SUPPLEMENTARY INFORMATION

ORANGE GROVE PARK CONDOMINIUM, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2017

The following table represents a study by management during 2017, which is based on estimates determined in consultation with various vendors regarding the estimated remaining useful lives of the components and their current replacement cost. The following table is based on the study, and presents significant information about the components of common property. Amounts are based on normal operation and without the effect of potential catastrophic occurrences.

Components	Average Estimated Useful Lives	Average Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2018 Required Statutory Funding	2018 Proposed Budgeted Funding
Road	25 years	22 years	\$ 250,000	\$ 8,091	\$ 8,100
Painting	7 years	4 years	93,180	13,740	13,740
Shingles/mansard	15 years	14 years	134,440	8,963	8,960
Irrigation	4 years	3 years	9,584	-	-
			<u>\$ 487,204</u>	<u>\$ 30,794</u>	<u>\$ 30,800</u>

The “2018 Required Statutory Funding” column presented above has been computed by means of a formula mandated by Florida Statute 718.112(2)(f)2 and represents a calculation that is intended to fund reserves at a level sufficient to prevent the need for a special assessment in accordance with Florida Statute 718.111(13). However, since the calculation is based on estimates and the Association has not had an inspection report prepared and certified by an architect or an engineer licensed in the State of Florida, the components’ actual replacement costs, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, the Associations’ replacement fund may not be adequate to meet all future needs for major repairs or replacements. If additional funds are needed the Association, through its Board, has the power to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

ORANGE GROVE PARK CONDOMINIUM, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Maintenance fees	\$ 129,640	\$ 124,763	\$ (4,877)
Late and estoppel fees	-	1,974	1,974
Other	-	6,349	6,349
Total operating fund revenues	129,640	133,086	3,446
EXPENSES			
Lawn care	46,640	48,162	(1,522)
Fertilizer	6,000	3,002	2,998
Office supplies	3,500	341	3,159
Postage and delivery	700	525	175
Sprinklers	4,000	2,468	1,532
Tree maintenance	7,000	5,377	1,623
Office electric	600	560	40
Office water	550	592	(42)
Office phone	2,000	2,388	(388)
Security lights	7,000	6,642	358
Maintenance/light bulbs	1,000	571	429
Fire assessment	-	903	(903)
Division of land sales	780	768	12
Secretary of state	65	61	4
Property tax	855	-	855
Attorney's fees	5,000	4,006	994
Audit	1,500	2,507	(1,007)
Tax return	250	-	250
Insurance	12,000	11,322	678
Director's fees	2,500	2,600	(100)
Salaries	5,400	5,400	-
Clean vinyl units	10,000	10,080	(80)
Maintenance park areas	1,000	1,302	(302)
Election	800	624	176
Bank fees/checks/NSF	-	122	(122)
Hurricane	-	12,324	(12,324)
Shingles/paint	1,500	167	1,333
Bookkeeping	6,000	5,525	475
Maintenance personnel	3,000	575	2,425
Total operating fund expenses	129,640	128,914	726
Excess of revenues over expenses	\$ -	\$ 4,172	\$ 4,172

See accountants' report.