

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**VENICE, FLORIDA**

**FINANCIAL STATEMENTS**  
**and**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2016**

**(Together with Independent Reviewer's Report)**

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**

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## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

Board of Directors and Residential Unit Owners  
**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
Venice, Florida

### ***Report on the Financial Statements***

We have reviewed the accompanying financial statements of Jacaranda West Homeowners' Association #1, Inc., which comprise the balance sheet as of December 31, 2016, 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 the Board of Directors' financial data and making inquiries of Association. 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.

### ***Board of Directors' Responsibility for the Financial Statements***

The Board of Directors 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 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***

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 require 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 on The Financial Statements***

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.

Board of Directors and Residential Unit Owners  
**Jacaranda West Homeowners' Association #1, Inc.**  
Venice, Florida

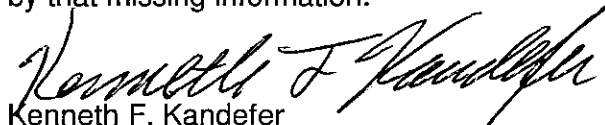
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***Supplementary Information***

The supplementary information in the Schedule of Operating Expenses and the Schedule of Changes in Replacement Fund Balance are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of the Board of Directors. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the supplementary information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on it.

***Required Supplementary Information***

The Board of Directors 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, 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. The results of our review of the basic financial statements are not affected by that missing information.

  
Kenneth F. Kandefer  
Certified Public Accountant

Date available to be issued: March 27, 2017

Audit Release Date: April 24, 2017

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

**ASSETS**

	<b>OPERATING</b>	<b>REPLACEMENT</b>	<b>TOTAL</b>
Cash	\$ 112,240	\$ 521,073	\$ 633,313
Investments	-	104,663	104,663
Assessments Receivable (net of \$1,230 Allowance for Uncollectable Accounts)	1,625	-	1,625
Fines Receivable (net of \$35,663 Allowance for Uncollectable Accounts)	7,000	-	7,000
Accounts Receivable (net of \$1,404 Allowance for Uncollectable Accounts)	1,223	-	1,223
Prepaid Expenses	1,997	-	1,997
Due Between Funds	(7,343)	7,343	-
<b>TOTAL ASSETS</b>	<b>116,742</b>	<b>633,079</b>	<b>749,821</b>

**LIABILITIES AND FUND BALANCES**

Accounts Payable	14,649	-	14,649
Prepaid Assessments	110,445	-	110,445
<b>TOTAL LIABILITIES</b>	<b>125,094</b>	<b>-</b>	<b>125,094</b>
<b>Fund Balances</b>	<b>(8,352)</b>	<b>633,079</b>	<b>624,727</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 116,742</b>	<b>\$ 633,079</b>	<b>\$ 749,821</b>

The accompanying notes are an integral part of these financial statements.

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

	<u>OPERATING</u>	<u>REPLACEMENT</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Members Assessments	\$ 201,456	\$ 91,044	\$ 292,500
Interest	258	1,735	1,993
Bad Debt Recovery	21,971	-	21,971
Other Income	34,189	-	34,189
	<u>257,874</u>	<u>92,779</u>	<u>350,653</u>
<b>TOTAL REVENUES</b>			
<b>EXPENSES</b>			
Administrative	201,776	-	201,776
Maintenance	3,962	-	3,962
Gatehouse	271	-	271
Grounds	70,092	-	70,092
Utilities	709	-	709
Replacement	-	123,293	123,293
	<u>276,810</u>	<u>123,293</u>	<u>400,103</u>
<b>TOTAL EXPENSES</b>			
<b>EXCESS (DEFICIT)</b>			
<b>REVENUES OVER EXPENSES</b>	(18,936)	(30,514)	(49,450)
<b>FUND BALANCES</b>			
Beginning of year	25,284	648,593	673,877
Prior Period Adjustment	300	-	300
Transfer Between Funds	(15,000)	15,000	-
	<u>(15,000)</u>	<u>15,000</u>	<u>-</u>
<b>FUND BALANCE</b>			
End of year	<u>\$ (8,352)</u>	<u>\$ 633,079</u>	<u>\$ 624,727</u>

The accompanying notes are an integral part of these financial statements.

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

	<b>OPERATING</b>	<b>REPLACEMENT</b>	<b>TOTAL</b>
<b><u>Cash Flows From Operating Activities</u></b>			
Member Assessments	\$ 271,973	\$ 91,044	\$ 363,017
Interest Received	258	1,735	1,993
Other Income Received	56,160	-	56,160
Cash Paid for Expenditures	(236,469)	(130,333)	(366,802)
Transfer Between Funds	(15,000)	15,000	-
Income Taxes Paid	-	-	-
Interest Paid	-	-	-
	<u>76,922</u>	<u>(22,554)</u>	<u>54,368</u>
<b><u>Net Cash Provided (Used) by Operations</u></b>			
 <b><u>Cash Flows from Investing Activities</u></b>			
Purchase of Investments	<u>-</u>	<u>74,041</u>	<u>74,041</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	76,922	51,487	128,409
<b>Cash and Cash Equivalents, Beginning of year</b>	<u>35,318</u>	<u>469,586</u>	<u>504,904</u>
<b>Cash and Cash Equivalents, End of year</b>	<u>\$ 112,240</u>	<u>\$ 521,073</u>	<u>\$ 633,313</u>

Cash and cash equivalents reflected in these financial statements include money market funds, certificates of deposit, standard checking and savings accounts.

The accompanying notes are an integral part of these financial statements.

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

**CASH FLOWS FROM OPERATING ACTIVITIES**

	<u>OPERATING</u>	<u>REPLACEMENT</u>	<u>TOTAL</u>
Excess (Deficit) Revenues Over Expenses	\$ (18,936)	\$ (30,514)	\$ (49,450)
<b>RECONCILIATION OF EXCESS (DEFICIT) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Prior Period Adjustment	300	-	300
Transfer Between Funds	(15,000)	15,000	-
Bad Debt Expense	<u>31,218</u>	<u>-</u>	<u>31,218</u>
<b>Total</b>	<u>(2,418)</u>	<u>(15,514)</u>	<u>(17,932)</u>
<b>(Increase) Decrease in:</b>			
Due Between Funds	7,040	(7,040)	-
Accounts Receivable	(39,928)	-	(39,928)
Prepaid Expenses	341	-	341
<b>Increase (Decrease) in:</b>			
Payables	1,442	-	1,442
Prepaid Maintenance	<u>110,445</u>	<u>-</u>	<u>110,445</u>
<b>Total Adjustments</b>	<u>79,340</u>	<u>(7,040)</u>	<u>72,300</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 76,922</u>	<u>\$ (22,554)</u>	<u>\$ 54,368</u>

The accompanying notes are an integral part of these financial statements.



**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

**NOTE 1 - NATURE OF ORGANIZATION**

*Jacaranda West Homeowners' Association #1, Inc.* ("the Association") is a not-for-profit homeowners' association located in Venice, Florida, incorporated in the State of Florida on June 7, 1974. The Association is responsible for the operation and maintenance of the common property of *Jacaranda West Homeowners' Association #1, Inc.*, which consists of 900 units.

**NOTE 2 - 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 and prepares its financial statements on the accrual basis of 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 annual 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 represent fees due from unit owners.

The member assessment for the year ended December 31, 2016 was \$325.00 per residential unit of which \$101.16 was for replacement.

**Income Tax**

The Association qualifies as a tax-exempt homeowner's association under Internal Revenue Code Section 528 for the year ended December 31, 2016. 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 non-members, is taxed at 30% by the federal government.

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Cash Equivalents**

For the purposes of the statement of cash flows, the Association considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Allocation of Income and Expenses**

The allocation of income and expenses to Association members is based on the governing documents, which state that Association members equally share the income and expenses of the Association.

**Property and Equipment**

Real property and common areas acquired from the developer 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.

**NOTE 3 – COMMITMENTS**

A contract with Sunstate Association Management Group, Inc. was executed covering management and maintenance services. The contract began January 1, 2011. The contract renews automatically and may be cancelled by either party with 30 days notice. The amount paid on this contract for the year ended December 31, 2016 was \$43,134. Additionally, the Association has entered into various contracts for the performance of services as a part of the routine and ongoing activities of operating and maintaining the building, grounds and roadways.

**NOTE 4 - REPLACEMENT FUND**

The Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds aggregate approximately \$633,079 at December 31, 2016, which are held in separate accounts and are generally not available for operating purposes. It is the Association's policy that interest earned on such funds is available for replacement purposes.

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**  
**(See Independent Accountant's Review Report)**

**NOTE 4 – REPLACEMENT FUND (cont'd)**

The Board of Directors and Management annually estimate the reserve requirements of the Association but do not produce the required Supplementary Information on Future Major Repairs and Replacements.

Actual expenditures, however, may vary from the estimated amounts and the 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.

**NOTE 5 - PROVISION FOR INCOME TAXES**

As stated in Note 2, the Association is taxed on any non-membership income. For the year ended December 31, 2016 taxable non-membership income before allowable expenses was \$1,993. At December 31, 2016 no income tax was due.

**NOTE 6 – UNCERTAINTY IN INCOME TAXES**

The Association evaluates its uncertain tax position in compliance with requirements established by the financial standards board. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. Management has determined that there are no probable liabilities related to the current Association tax position.

**NOTE 7 – UNINSURED CASH BALANCES**

The Association maintains its cash balances at various financial institutions located in Sarasota, Florida. Accounts at the institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016, there were no uninsured balances.

**NOTE 8 – DATE OF MANAGEMENT'S REVIEW**

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 available to be issued.

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**SCHEDULE OF OPERATING EXPENSES**  
**YEAR ENDED DECEMBER 31, 2016**  
(See Independent Accountant's Review Report)

<b>ADMINISTRATIVE EXPENSE</b>	
Insurance - Property	\$ 4,698
Professional/ Legal	97,511
Audit/Review	3,500
Division Fees	61
Management Fee	43,134
Office Supplies	5,347
Postage	3,361
Copies/ Printing	3,944
Printing/ Mass Mailings	8,882
Contingency	120
Bad Debt Expense	<u>31,218</u>
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<u>201,776</u>
<b>Maintenance</b>	
Repairs & Maintenance	<u>3,962</u>
<b>TOTAL MAINTENANCE EXPENSES</b>	<u>3,962</u>
<b>Gatehouse</b>	
Electric	<u>271</u>
<b>TOTAL GATEHOUSE EXPENSES</b>	<u>271</u>
<b>Grounds</b>	
Grounds Contract	26,385
Service/Replacement/Other	1,302
Cul-de-sac Maintenance	11,220
Lake Treatment	25,060
Tree Trimming	4,475
Sprinkler	<u>1,650</u>
<b>TOTAL GROUNDS EXPENSES</b>	<u>70,092</u>
<b>Utilities</b>	
Electric	<u>709</u>
<b>TOTAL UTILITIES EXPENSES</b>	<u>709</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 276,810</u>

The accompanying notes are an integral part of these financial statements

**JACARANDA WEST HOMEOWNERS' ASSOCIATION #1, INC.**  
**SCHEDULE OF CHANGES IN REPLACEMENT FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2016**  
(See Independent Accountant's Review Report)

	<u>Beginning Fund Balance</u>	<u>Contributions</u>	<u>Interest</u>	<u>Charges</u>	<u>Board Allocations</u>	<u>Ending Fund Balance</u>
Grounds & Lakes	\$ 84,916	\$ 11,836	\$ -	\$ -	\$ -	\$ 96,752
Infrastructure	82,729	12,746	-	(10,285)	-	85,190
Gatehouse Build	1,898	-	-	-	-	1,898
Paving & Sealcoating	445,768	62,365	-	(85,658)	-	422,475
Wall Painting	29,393	4,097	-	(27,350)	15,000	21,140
Reserve Interest	3,889	-	1,735	-	-	5,624
<b>TOTAL</b>	<u>\$ 648,593</u>	<u>\$ 91,044</u>	<u>\$ 1,735</u>	<u>\$ (123,293)</u>	<u>\$ 15,000</u>	<u>\$ 633,079</u>

The accompanying notes are an integral part of these financial statements.