

**UNIVERSITY PLACE NEIGHBORHOOD ASSOCIATION, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2018**  
**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
University Place Neighborhood  
Association, Inc.  
Bradenton, Florida

We have audited the accompanying financial statements of University Place Neighborhood Association, Inc. which comprise the balance sheet as of December 31, 2018, 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.

*Management's Responsibility for the Financial Statements*

Management 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Place Neighborhood Association, Inc. as of December 31, 2018,

and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 3 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion on the financial statements is not modified with respect to this matter.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of expenses on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that supplementary information of estimated remaining lives and replacement costs of the common property on page 13 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**University Place Neighborhood Association, Inc.**  
**Balance Sheet**  
**December 31, 2018**

	Operating Fund	Replacement Fund	Total
<b><u>Assets</u></b>			
Cash & cash equivalents	\$ 169,225	\$ 411,639	\$ 580,864
Certificates of deposit	27,135	98,742	125,877
Accounts receivable - net of allowance of \$59,189	6,300	-	6,300
Prepaid expenses	8,895	-	8,895
Due to other fund	10,590	-	10,590
Total Assets	\$ 222,145	\$ 510,381	\$ 732,526
<b><u>Liabilities</u></b>			
Accounts payable	\$ 2,225	\$ -	\$ 2,225
Prepaid owner assessments	39,042	-	39,042
Deferred Revenue (Note 2)	2,886	-	2,886
Due to other fund	-	10,590	10,590
Total Liabilities	44,153	10,590	54,743
<b><u>Fund Balance</u></b>	177,992	499,791	677,783
Total Liabilities and Fund Balance	\$ 222,145	\$ 510,381	\$ 732,526

Read Accompanying Notes to Financial Statements

**University Place Neighborhood Association, Inc.**  
**Statement of Revenue, Expenses, and Changes in Fund Balance**  
**For the Year Ended December 31, 2018**

	Operating Fund	Replacement Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Revenue</u></b>			
Maintenance fees (Note 2)	\$ 493,937	\$ 38,700	\$ 532,637
Supplemental lot assessments	79,200	-	79,200
Interest income	1,243	3,019	4,262
Late fees and other	12,724	-	12,724
	<u>587,104</u>	<u>41,719</u>	<u>628,823</u>
<b><u>Expenses</u></b>			
Landscape and grounds	204,255	-	204,255
Pool	39,768	-	39,768
Recreation center	21,812	-	21,812
Fountain maintenance	19,282	-	19,282
Lakes and wetlands	28,079	-	28,079
Administrative	163,516	-	163,516
Carriage Run lot expenses	79,200	-	79,200
Replacement fund (Note 3)	-	22,272	22,272
	<u>555,912</u>	<u>22,272</u>	<u>578,184</u>
Excess of Revenue Over Expenses	31,192	19,447	50,639
Beginning Fund Balance	<u>146,800</u>	<u>480,344</u>	<u>627,144</u>
Ending Fund Balance	<u>\$ 177,992</u>	<u>\$ 499,791</u>	<u>\$ 677,783</u>

Read Accompanying Notes to Financial Statements

**University Place Neighborhood Association, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities:			
Cash received from owners	\$ 552,074	\$ 38,700	\$ 590,774
Cash paid to suppliers and contract servicers	(549,092)	(22,272)	(571,364)
Interest received	1,243	3,019	4,262
Other cash receipts	12,724	-	12,724
Net cash provided by operating activities	16,949	19,447	36,396
Cash Flows From Investing Activities:			
Purchase of certificates of deposits	(27,135)	(98,742)	(125,877)
Redemption of certificates of deposits	138,404	416,499	554,903
Net cash provided by investing activities	111,269	317,757	429,026
Cash Flows From Financing Activities:			
Interfund borrowings	(10,590)	10,590	-
Net increase in cash and cash equivalents	117,628	347,794	465,422
Cash & cash equivalents at Beginning of Year	51,597	63,845	115,442
Cash & cash equivalents at End of Year	\$ 169,225	\$ 411,639	\$ 580,864

**University Place Neighborhood Association, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Reconciliation of excess of revenue over expenses to cash provided by operating activities:			
Excess of revenue over expenses	\$ 31,192	\$ 19,447	\$ 50,639
Adjustments to reconcile:			
Bad Debt Expense	10,124	-	10,124
Decrease (increase) in Operating Assets:			
Accounts receivable - owners	(11,915)	-	(11,915)
Prepaid expenses	(254)	-	(254)
Increase (decrease) in Operating Liabilities:			
Accounts payable	(3,050)	-	(3,050)
Prepaid owner assessments	(9,148)	-	(9,148)
Total Adjustments	<u>(14,243)</u>	<u>-</u>	<u>(14,243)</u>
Cash provided by operating activities	<u>\$ 16,949</u>	<u>\$ 19,447</u>	<u>\$ 36,396</u>

Read Accompanying Notes to Financial Statements

**University Place Neighborhood Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**ORGANIZATION**

University Place Neighborhood Association, Inc. is a not-for-profit corporation under chapter 617 Florida Statutes. The Association was organized to provide an entity under chapter 720 Florida Statutes for the maintenance, preservation, and management of the lots and common property within the single family residential community known as University Place, a subdivision located in the unincorporated area of Manatee County Florida. University Place consists of the following seven neighborhoods: Charleston Point Phase A-26 lots, Charleston Point Phase A1-20 lots, Hampton Terrace-70 lots, Ashley Trace-116 lots, Carriage Run-55 lots, Magnolia Hammock-46 lots, and Indigo Ridge-70 lots. The total neighborhood association consists of 403 residential lots.

The University Place Community is located within the University Place Community Development District. The Community Development District constructed, operates and maintains certain improvements and facilities, including some within the neighborhood and will impose taxes and/or assessments on property located within its district through a special taxing district. These taxes and/or assessments pay the debt service on the bonds and other costs associated with the construction, operation, and maintenance of the improvements and facilities of the district and are set annually by the districts governing board. Each owner of a lot is responsible to pay the community development district taxes and/or assessments as to the lot owned in addition to county and any other taxes.

All policy decisions are formulated by the Board of Directors. Certain major decisions are referred to the general membership before action is taken.

**MANAGEMENT REVIEW**

The Association has evaluated events and transactions for potential recognition or disclosure through April 19, 2019 the date the financial statements were available to be issued.

**NOTE 1: – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared using the fund method of accounting on the accrual basis.

The fund method of accounting requires funds, such as operating funds and funds for future major repairs and replacements, to be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the operating fund are generally made at the discretion of the Board of Directors. Disbursements from the replacement fund may be made only for repair and replacement of the common property.

**University Place Neighborhood Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**NOTE 1: – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates and assumptions.

**Statements of Cash Flows**

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

**Income Taxes**

The Association has an option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code, whereby non-exempt, function income and net membership income are taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net, non-function income, less \$100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2018 the Association filed its tax return under Section 528 resulting in no tax liability.

**Commonly Owned Assets**

The Association has the responsibility to preserve and maintain the commonly owned assets. With the exception for any property of the Community Development District or other government entity, the Association's commonly owned assets include but are not limited to certain landscaping, signage, structures and installations as more fully described in section 2.05 of the Association's Declaration of Covenants, Conditions and Restrictions.

The Association's policy is not to capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the lot owners and these assets are not deemed to be severable.

**University Place Neighborhood Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**NOTE 2: - MEMBER ASSESSMENTS**

The association's annual assessment to owners was \$1,320 per lot for 2018. This included \$96 per lot for funding of the Associations Replacement Fund. The Association collected the annual assessment in monthly installments of \$110. Members of the Carriage Run Neighborhood were also assessed a supplemental assessment of \$120 per month. Supplemental assessments collected in excess of Carriage Run lot expenses are recorded as deferred revenue to be applied against the subsequent years Carriage Run lot expenses. Carriage Run lot expenses in excess of supplemental assessments are recorded as deferred expenses to be applied against the subsequent years supplemental assessments. Deferred revenue as of December 31, 2018 was \$2,886.

As of December 31, 2018 receivables from owners totaled \$65,489. Management has made an assessment of uncollectible assessments and have determined that an allowance for doubtful accounts of \$59,189 was needed.

**NOTE 3: - RESERVES FOR MAJOR REPAIRS AND REPLACEMENTS**

The Association's Board of Directors may establish reserves for future repairs and replacement of common property based upon estimates of future needs. The reserve accounts are to be funded through regular Association assessments. For 2018 assessments to the owners for funding the Association Reserve Account were \$96 per lot. The following paragraph is required by Florida statute.

**The budget of the Association provides for limited voluntary deferred expenditure accounts, including capital expenditures and deferred maintenance, subject to limits on funding contained in our governing documents. 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.**

A summary of the reserves follows:

Beginning Fund Balance 1/01/18	\$ 480,344
Owner Assessments for 2018	38,700
Interest Earned	3,019
Expenditures	
Pool patio furniture	\$ 8,740
Pool	4,866
Mailboxes	2,212
Reserve study	1,600
Fitness center	4,854
Total	<u>(22,272)</u>
Ending Balance 12/31/18	<u>\$ 499,791</u>

Funds are being accumulated in the replacement fund based on estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variation may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. When replacement funds are needed to meet future needs for major repairs and replacements, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**University Place Neighborhood Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2018**

**NOTE 4: - CONCENTRATIONS OF CREDIT RISK FOR CASH DEPOSITS**

The Association maintains its cash balances at local financial institutions. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate. As of December 31, 2018, all cash deposits were insured.

**NOTE 5: - INCOME TAX**

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Association had no uncertain positions that could have significant effect on the financial statements for the year ended December 31, 2018.

Tax returns are open to examination generally for three years after they are filed. As of the date of the financial statements, the Association's federal income tax returns for the years ended December 31, 2016, 2017, and 2018 are subject to examination by the Internal Revenue Service. These returns are open to examination generally for three years after they are filed.

**NOTE 6: - CONTINGENCIES**

**Contingent Loss**

The Association's current windstorm insurance contains a 2% deductible clause. Based on the insured valuations of the buildings and contents, the first 2% or \$10,680 in damages caused by a named windstorm/hurricane would be the responsibility of the Association per occurrence.

## **Supplementary Information**

**University Place Neighborhood Association, Inc.**  
**Supplementary Schedule of Expenses**  
**For the Year Ended December 31, 2018**

	Operating Fund	Replacement Fund	Total
<b><u>Landscape and Grounds</u></b>			
Grounds contract	\$ 168,000	\$ -	\$ 168,000
Grounds maintenance	20,645	-	20,645
Nature trails	455	-	455
Tree trimming	3,547	-	3,547
Handy man	10,160	-	10,160
Vacant lot mowing	62	-	62
Pet Support	1,386	-	1,386
	204,255	-	204,255
<b><u>Pool</u></b>			
Cleaning	12,300	-	12,300
Heat	17,944	-	17,944
Repairs & maintenance	9,524	-	9,524
	39,768	-	39,768
<b><u>Recreation Center</u></b>			
Janitorial contract & supplies	1,140	-	1,140
General maintenance	8,241	-	8,241
Pest Control	1,055	-	1,055
Exercise equipment contract & maintenance	3,748	-	3,748
Fitness center cleaning	3,122	-	3,122
Water, sewer, garbage	4,506	-	4,506
	21,812	-	21,812
<b><u>Fountain Maintenance</u></b>			
Electric	15,739	-	15,739
Repairs and maintenance	3,543	-	3,543
	19,282	-	19,282
<b><u>Lakes and Wetlands</u></b>			
Water management contract	27,123	-	27,123
Bubbler maintenance contract	956	-	956
	28,079	-	28,079

Read Independent Auditor's Report

**University Place Neighborhood Association, Inc.**  
**Supplementary Schedule of Expenses**  
**For the Year Ended December 31, 2018**

	Operating Fund	Replacement Fund	Total
<b><u>Administrative</u></b>			
Insurance	\$ 12,832	\$ -	\$ 12,832
Accounting fees	4,600	-	4,600
Bad debts	10,124	-	10,124
Management fees	28,935	-	28,935
Legal and professional fees	4,759	-	4,759
Printing & postage	2,923	-	2,923
Salary and benefits	79,677	-	79,677
Social committee	4,027	-	4,027
Vandalism/security	2,186	-	2,186
Miscellaneous	13,453	-	13,453
	163,516	-	163,516
 <b><u>Carriage Run Lot Expenses</u></b>			
Grounds contract	79,200	-	79,200
 <b><u>Replacement Fund</u></b>			
	-	22,272	22,272
 Total Expenses	 \$ 555,912	 \$ 22,272	 \$ 578,184

Read Independent Auditor's Report

**University Place Neighborhood Association, Inc.**  
**Supplementary Information on Future Major Repairs and Replacements**  
**December 31, 2018**

**Unaudited**

The following is the estimated remaining lives and replacement costs of the Association's reserve components. This information is based upon a formal study performed by an engineering firm in 2018.

<u>Property Site</u>	<u>Estimated Life</u>	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>	<u>2019 Required Funding</u>	<u>Balance At 12/31/2018</u>
Light Poles	To 25-30 years	15 years	\$ 25,500	\$ -	\$ -
Mailboxes	To 20-25 years	13-16 years	138,402	-	-
Playground Equipment	15-20 years	1 years	52,862	-	-
Ponds, Fountains	To 6-20 years	0-6 years	390,791	-	-
Ponds, Dredging	10-15 years	7-10 years	43,078	-	-
				-	-
<u>Pool House</u>					
Paving-Repairs	3-5 years	0 years	48,715	-	-
Paving Replacement	15-20 years	16 years	37,474	-	-
Paving, Curbs	To 65 years	18-30+ years	4,855	-	-
Exercise Equipment	15-20 years	4-20 years	103,093	-	-
Grills	To 10 years	4 years	34,481	-	-
HVAC	10-18 years	3-8 years	31,505	-	-
Kitchen Renovation	To 20 years	18 years	23,118	-	-
Light Fixtures	To 25 years	10 years	10,199	-	-
Office Renovation	To 25 years	10 years	14,939	-	-
Painting	5-7 years	0 years	67,453	-	-
Restrooms	To 25 years	4-19 years	71,901	-	-
Roofs	To 25 years	9 years	42,045	-	-
Security System	To 15 years	2-9 years	94,574	-	-
Windows/Doors	To 30 years	1 years	58,011	-	-
<u>Pool</u>					
Decking	8-12 years	1-8 years	136,549	-	-
Fencing	To 25 years	0-9 years	47,600	-	-
Furniture	To 10 years	0-5 years	109,187	-	-
Equipment	To 4-15 years	1-14 years	194,098	-	-
Plaster Finish	8-12 years	3-4 years	269,408	-	-
Water Features	10-20 years	4-12 years	113,866	-	-
<u>Capital Replacements</u>	N/A	N/A	-	48,000	499,791
Totals			<u>\$ 2,163,704</u>	<u>\$ 48,000</u>	<u>\$ 499,791</u>