

**University Place Neighborhood  
Association, Inc.**

**Financial Statements**

**December 31, 2021**

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**CAVANAUGH & CO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

**Opinion**

We have audited the accompanying financial statements of University Place Neighborhood Association, Inc., which comprise the balance sheet as of December 31, 2021, 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.

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, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University Place Neighborhood Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University Place Neighborhood Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University Place Neighborhood Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University Place Neighborhood Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating fund expenses and schedule of replacement fund activity are presented for purposes of additional analysis and are 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 on future major repairs and replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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.



Sarasota, Florida

April 5, 2022

**University Place Neighborhood Association, Inc.**

**Balance Sheet**  
December 31, 2021

**ASSETS**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 191,003	326,948	517,951
Certificates of deposit	28,599	157,798	186,397
Assessments receivable, net	7,066	-	7,066
Prepaid insurance	9,132	-	9,132
Prepaid expenses	<u>6,492</u>	<u>-</u>	<u>6,492</u>
Total assets	<u>\$ 242,292</u>	<u>484,746</u>	<u>727,038</u>

**LIABILITIES AND FUND BALANCE**

Liabilities:			
Accounts payable	\$ 26,658	-	26,658
Accrued expenses	1,400	-	1,400
Prepaid assessments	30,983	-	30,983
Deferred revenue	5,490	-	5,490
Contract liabilities (assessment received in advance - replacement fund)	<u>-</u>	<u>484,746</u>	<u>484,746</u>
Total liabilities	64,531	484,746	549,277
Fund balance:	<u>177,761</u>	<u>-</u>	<u>177,761</u>
Total liabilities and fund balance	<u>\$ 242,292</u>	<u>484,746</u>	<u>727,038</u>

See accompanying notes to financial statements.

**University Place Neighborhood Association, Inc.**

**Statements of Revenues, Expenses and Changes in Fund Balance**  
Year Ended December 31, 2021

	Operating Fund	Replacement Fund	Total
<b>Revenues:</b>			
Member assessments	\$ 471,850	33,072	504,922
Supplemental lot assessments	79,200	-	79,200
Interest income	584	2,701	3,285
Late fees and other	8,112	-	8,112
Total revenues	559,746	35,773	595,519
<b>Expenses:</b>			
Administration	24,046	-	24,046
Carriage Run expenses	76,596	-	76,596
Grounds	216,356	-	216,356
Lakes and aerators	44,754	-	44,754
Legal and professional	44,257	-	44,257
Other expenses	5,300	-	5,300
Pools	31,606	-	31,606
Recreation centers	44,216	-	44,216
Security	5,634	-	5,634
Utilities	28,797	-	28,797
Replacement expenditures	-	35,773	35,773
Total expenses	521,562	35,773	557,335
Excess of revenues over expenses	38,184	-	38,184
Beginning members' equity	139,577	-	139,577
Ending members' equity	\$ 177,761	-	177,761

See accompanying notes to financial statements.

**University Place Neighborhood Association, Inc.**

**Statement of Cash Flows**  
Year Ended December 31, 2021

	Operating Fund	Replacement Fund	Total
<b>Cash flows from operating activities:</b>			
Member assessments collected	\$ 540,459	60,000	600,459
Interest received	584	2,701	3,285
Other income received	8,112	-	8,112
Cash paid for expenses	(511,803)	(35,773)	(547,576)
Net cash flows from operating activities	37,352	26,928	64,280
<b>Cash flows from investing activities:</b>			
Purchase of certificates of deposit	(28,599)	(157,798)	(186,397)
Redemption of certificates of deposit	28,164	155,386	183,550
Net cash flows from investing activities	(435)	(2,412)	(2,847)
Net increase in cash and cash equivalents	36,917	24,516	61,433
Cash and cash equivalents - beginning of year	154,086	302,432	456,518
Cash and cash equivalents - end of year	\$ 191,003	326,948	517,951
<b>Reconciliation of excess of revenues over expenses to net cash flows from operating activities:</b>			
Excess of revenues over expenses	\$ 38,184	-	38,184
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Increase in:			
Assessments receivable	(1,223)	-	(1,223)
Prepaid insurance	(1,179)	-	(1,179)
Prepaid expense	(2,006)	-	(2,006)
Increase (decrease) in:			
Accounts payable	12,381	-	12,381
Accrued expenses	1,400	-	1,400
Income tax payable	(837)	-	(837)
Prepaid assessments	(9,368)	-	(9,368)
Contract liabilities (assessments received in advance-replacement fund)	-	26,928	26,928
Total adjustments	(832)	26,928	26,096
Net cash flows from operating activities	\$ 37,352	26,928	64,280

See accompanying notes to financial statements.

## University Place Neighborhood Association, Inc.

### Notes to Financial Statements

December 31, 2021

#### **Note 1 – Nature of 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 AI-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.

#### **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 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.

##### Cash and Cash Equivalents

The Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**University Place Neighborhood Association, Inc.**

**Notes to Financial Statements**

December 31, 2021

**Note 2 – Summary of Significant Accounting Policies- Continued:**

**Assessments Receivable**

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions 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 is 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.

The association's annual assessment to owners was \$1,320 per lot for 2021. This included \$149 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, 2021 was \$5,490.

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. As of December 31, 2021, the Association has recorded an allowance of \$62,589.

**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.

**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.

**University Place Neighborhood Association, Inc.**

**Notes to Financial Statements**

December 31, 2021

**Note 2 – Summary of Significant Accounting Policies- Continued:**

Income Taxes

For Federal tax purposes, the Association is taxed on all net income from non-membership activities reduced only by losses from non-membership activities for which a profit motive exists. Non-membership income may not be offset by membership losses, and any net membership losses may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation.

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, nonmembership transactions, and capital transactions.

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 income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2021. The Association's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed. There was no income tax expense for the year.

Allocation of Income and Expenses

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

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 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 – Uninsured Cash Balances:**

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and short-term asset management accounts. The Association places its cash and cash equivalents with local financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation insurance limit of \$250,000. Management considers the risk to be minimal.

**University Place Neighborhood Association, Inc.**

**Notes to Financial Statements**

December 31, 2021

**Note 4 – Future Major Repairs and Replacements:**

The Association's governing documents allow funds to be accumulated for future major repairs and replacements and the board of directors has elected to do so. The Association prepares its annual budget with calculations of estimates of future costs for the repair and/or replacement of certain common property. These calculations provide the basis for the establishment and ratable funding of reserves over a period of time.

Any decision of the Board with respect to reserves, including but not necessarily limited to, the establishment, non-establishment, continuation, discontinuation, level of funding or designation of purpose as to any particular reserve category, shall be subject to being modified or rescinded by the vote of Owners of sixty percent (60%) or more of the Lots at any regular or special meetings of the Association called for such purpose. Use of any reserve for other than its designated purpose, other than the above provided, may be authorized only by a vote of Owners of sixty percent (60%) or more of the Lots.

The Board of Directors annually reviews the funding requirements of major components of common property as part of the budget process and has adopted the pooling method for funding reserves. The pooling method allows funding to be calculated based on the cash needs of future expenditures as whole rather than by component. Reserve funds are allowed to be "pooled" and used for any authorized purpose. Amounts previously accumulated are considered in determining the annual funding requirement. In order to estimate the remaining useful lives, the replacement costs of the common property components and funding requirements a study was performed by professional reserve specialist in 2018. The study's calculations include an estimated future inflation rate and annual rate of return on investments for estimating future replacement costs of 1.4%. This information was then used to calculate estimated full funding of reserves for 2021 of \$60,000 and this amount was included in the 2021 budget. In 2021, the Board obtained an updated reserve study to prepare the 2022 budget which included an estimated future inflation rate of 2.5% and annual assessment increase of 3.0%. The calculation for 2022 called for full funding of \$60,000 and this amount is included in the 2022 budget.

Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, subject to Board approval, to increase regular assessments, levy special assessments, or delay major repairs and replacements until funds are available.

**Note 5 – Contingencies:**

The Association's current windstorm insurance policy contains a 3% deductible clause. Based on the approximate \$534,000 insured valuation of the buildings, the first 3%, or \$16,020 would be the responsibility of the Association.

**Note 6 – Subsequent Events:**

Other subsequent events have been evaluated through April 5, 2022, which is the date the financial statements were available to be issued.

University Place Neighborhood Association, Inc.

Schedule of Operating Fund Expenses  
Year Ended December 31, 2021

**Administrative**

Taxes other	\$ 13
Dog station supplies	271
Insurance	12,981
Website	600
Dues/licenses/fees	86
Social committee	3,756
HOA administration and supply	3,633
Postage and printing	2,706
Total	<u>24,046</u>

**Carriage Run Expenses**

Ground contract	<u>76,596</u>
Total	<u>76,596</u>

**Grounds**

Grounds contract	135,852
Property improvements	60,900
Tree trimming	17,201
Nature trail pest control	-
Swale maintenance	<u>2,403</u>
Total	<u>216,356</u>

**Lakes and Aerators**

Lake repair and maintenance	5,401
Aeration maintenance contracts	961
Water management contract	28,777
Fountain maintenance contract	3,032
Fountain repair and maintenance	<u>6,583</u>
Total	<u>44,754</u>

**Legal and Professional**

Financial review	5,536
Legal fees - general	9,921
Management fees	<u>28,800</u>
Total	<u>44,257</u>

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**University Place Neighborhood Association, Inc.**  
**Schedule of Operating Fund Expenses**  
Year Ended December 31, 2021

**Other Expenses**

New capital purchases	\$ 5,300
Total	5,300

**Pools**

Pool contract	15,400
Gas pool heating	15,581
Annual fees	625
Total	31,606

**Recreation Centers**

Janitorial services	12,300
Janitorial supplies	710
Repairs and maintenance	2,442
Exercise equipment contract	1,605
Exercise equipment repair	1,225
Pest control - pool area	1,739
Handyman services	17,891
Charleston internet and phone	2,999
Seven Oaks internet/TV/phone	3,305
Total	44,216

**Security**

Security repair and maintenance	5,634
Total	5,634

**Utilities**

Water/sewer/garbage	9,306
Electric	19,491
Total	28,797

<b>Total expenses</b>	<b>\$ 521,562</b>
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**University Place Neighborhood Association, Inc.**

**Schedule of Replacement Fund Activity**  
Year Ended December 31, 2021

Beginning balance		\$ 457,818
Contributions		60,000
Interest income		2,701
Expenses:		
Pool elements	(2,999)	
Property site elements	(29,324)	
Pool house elements	<u>(3,450)</u>	<u>(35,773)</u>
Ending balance		<u>\$ 484,746</u>

**University Place Neighborhood Association, Inc.**

**Supplementary Information on Future Major Repairs and Replacements**  
December 31, 2021  
**(unaudited)**

The following table is based on information obtained from a reserve study conducted in 2021

	<u>Estimated Remaining Useful Life (avg)</u>	<u>Estimated Current Replacement Cost</u>
Streets/asphalt	6	\$ 39,000
Roofing	16	64,800
Painting	7	9,000
Recreation/pool	1 - 27	436,400
Interior furnishings	20 - 23	50,000
Equipment	1 - 22	263,000
Grounds components	6 - 13	362,000
HVAC	0 - 4	10,000