

SOKOL & SOKOL

CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS CONSULTANTS

BRAD A. SOKOL, C.P.A.
LAUREN B. SOKOL, C.P.A.

MEMBER
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

June 5, 2019

Leidy Fernandez
Century Gardens Homeowners Association, Inc.
c/o Florida Property Management Services Solutions, Inc.
12964 SW 133rd Court
Miami, FL 33186

Dear Leidy:

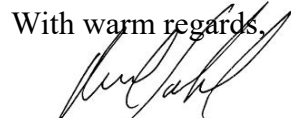
This electronic file contains the following:

- Required Communication Letter to board and management
- Adjusted trial balance
- Adjusting journal entries
- 2018 Audited Financial Statements

The Required Communication Letter is required as part of our auditing standards. Please distribute this letter directly to the Board of Directors.

Once again, thank you for all of your assistance. Please call if you have any questions.

With warm regards,



Brad Sokol, C.P.A.
SOKOL & SOKOL
Certified Public Accountants
Miami, Florida

June 4, 2019

To the Board of Directors and Management
Century Gardens Homeowners Association, Inc.
Miami, Florida

We have audited the financial statements of Century Gardens Homeowners Association, Inc. (the “Association”) for the year ended December 31, 2018, and have issued our report thereon dated May 17, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 3, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Future major repairs and replacements reserves – estimating the remaining useful lives of assets and determining which assets should be included in the reserve study.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements detected as a result of audit procedures were corrected by management and reflected in the Adjusting Journal Entry report.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 17, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Required Supplementary Information

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining

Century Gardens Homeowners Association, Inc.

June 4, 2019

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certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

Other Audit Findings or Issues

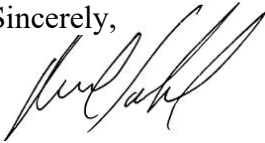
The following comment pertains to the current year's audit and requires the attention of management:

FDIC Insurance

The balance in the Association's bank accounts at several banks exceeds \$250,000, which is the maximum deposit amount that the FDIC will insure. We recommend that the Board of Directors consider alternatives to ensure that all funds are FDIC insured.

This information is intended solely for the use of the Board of Directors and Management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read 'Brad Sokol', written in a cursive style.

Brad A. Sokol, C.P.A.

Sokol & Sokol, Certified Public Accountants

Miami, Florida

Client: **CENTURYGDNS - Century Gardens Homeowners Association, Inc.**
Engagement: **12/31/18 Audit**
Period Ending: **12/31/2018**
Trial Balance: **2100.00 - CIRATB**

Account	Description	1st PP-Adj 12/31/2017	UNADJ 12/31/2018	JE Ref #	AJE	ADJ 12/31/2018
1010	Cash - Operating FCB	244,265.00	8,325.00			8,325.00
1011	Cash - FCB Operating II	0.00	205,280.00			205,280.00
1020	Cash - Reserves FCB	0.00	31,241.00			31,241.00
1040	Cash - FCB Capital Contribution	2,332.00	12,778.00			12,778.00
1055	CASH - FCB S/A	0.00	1,420.00			1,420.00
1200	Assessments Receivable	66,107.00	41,704.00			41,704.00
1205	Allowance for Doubtful Account	(21,997.00)	(21,997.00)			(21,997.00)
1215	Spec Assess Acc Receivables	0.00	(120.00)			(120.00)
1550	Other Receivable	668.00	0.00			0.00
1610	Prepaid Insurance	3,644.00	3,881.00			3,881.00
1850	Utility Deposits	6,134.00	6,134.00			6,134.00
2001	Accounts Payable	(21,600.00)	(266.00)			(266.00)
2002	Accrued Expenses	(29,071.00)	(24,071.00)		20,995.00	(3,076.00)
				AJE - 2	24,071.00	
				AJE - 2	(3,076.00)	
2500	Prepaid owners Assessments	(34,550.00)	(35,851.00)			(35,851.00)
3040	Reserves	0.00	(26,760.00)			(26,760.00)
3700	Capital Contribution	(4,818.00)	(15,318.00)			(15,318.00)
3800	Retained Earnings	(196,886.00)	(212,552.00)		(22,633.00)	(235,185.00)
				AJE - 1	1,438.00	
				AJE - 2	(24,071.00)	
40001	Maintenance Income	(816,555.00)	(856,320.00)			(856,320.00)
40002	Reserve Income	0.00	(26,760.00)			(26,760.00)
40005	Clubhouse Fee	(2,900.00)	(3,600.00)			(3,600.00)
40011	Late Fee Income	(12,830.00)	(15,663.00)			(15,663.00)
40012	Interest late fees	(2,056.00)	0.00			0.00
40015	Legal Fees	(7,924.00)	(539.00)			(539.00)
40030	Screening Fees Income	(13,217.00)	(8,529.00)			(8,529.00)
40050	NSF Checks Income	(150.00)	0.00			0.00
40055	Violation fees	(2,143.00)	(1,000.00)			(1,000.00)
40060	Gate / Keys Cards	(510.00)	(570.00)			(570.00)
40080	Interest Income	(2,906.00)	(463.00)			(463.00)
40090	Misc Owner Income	(815.00)	(826.00)		(1,438.00)	(2,264.00)
				AJE - 1	(1,438.00)	
41000	Rental Income	(300.00)	0.00			0.00
41010	Administrative Income Fees	(2,630.00)	0.00			0.00
50008	Accounting Fees	6,276.00	5,400.00			5,400.00
50010	Bad Debt	9.00	0.00			0.00
50011	Bank Charges	254.00	306.00			306.00
50045	Legal Fees	2,633.00	9,954.00			9,954.00
50047	Corporate Annual Report	61.00	123.00			123.00
50050	License, Taxes, Permit	2,854.00	799.00			799.00
50060	Administrative Fees Collected	1,855.00	0.00			0.00
50075	Office Supplies	453.00	2,202.00			2,202.00
50082	Screening Fees	800.00	2,904.00			2,904.00
50085	Printing and Postage	2,947.00	1,916.00			1,916.00
50087	Miscellaneous Expenses	156.00	4,194.00			4,194.00
50100	Screening Fees	1,106.00	(281.00)			(281.00)
52031	Insurance - Property and liability	11,621.00	11,289.00			11,289.00
52032	Insurance - Umbrella	1,216.00	1,220.00			1,220.00
52035	Insurance - Directors and Officers	1,579.00	1,836.00			1,836.00
52036	Insurance - Fidelity Bond	200.00	285.00			285.00
54050	Utilities - Electricity	50,445.00	43,979.00		3,076.00	47,055.00
				AJE - 2	3,076.00	
54070	Utilities - Water and Sewer	1,710.00	407.00			407.00
55100	Personnel - Office Staff Service	4,957.00	0.00			0.00
60010	Contract - Alarm Services	114,790.00	114,790.00			114,790.00
60013	Contract - Cable Television	388,794.00	403,737.00			403,737.00
60062	Contract - Front Desk Service	17,076.00	12,600.00			12,600.00
60075	Contract - Janitorial Service	27,388.00	24,960.00			24,960.00
60090	Contract - Lawn Maintenance Contract	86,400.00	82,672.00			82,672.00
61000	Contract - Management Services	27,424.00	27,660.00			27,660.00
61010	Pest Control	0.00	250.00			250.00
61020	Contract - Pool and Spa	4,530.00	5,490.00			5,490.00
61025	Pool Repairs	0.00	4,300.00			4,300.00
61045	Contract - Security Services and Towing	6,099.00	6,099.00			6,099.00
61046	Security Camera Monitoring	0.00	3,184.00			3,184.00
61050	Sprinklers Repair	0.00	480.00			480.00
61055	Contract - Trash Removal	250.00	670.00			670.00
61100	Contract - Bookkeeping Service	19,800.00	26,400.00			26,400.00
70005	Repairs and Maintenance - Air Conditioning	220.00	279.00			279.00

Account	Description	1st PP-Adj 12/31/2017	UNADJ 12/31/2018	JE Ref #	AJE	ADJ 12/31/2018
70037	R&M Doors	0.00	7,833.00			7,833.00
70045	Repairs and Maintenance - Electrical	4,965.00	11,444.00			11,444.00
70048	Gym Equipment	0.00	352.00			352.00
70060	Repairs and Maintenance - General	42,910.00	53,585.00			53,585.00
70065	Repairs and Maintenance - Janitorial Supplies	2,067.00	2,523.00			2,523.00
70068	R&M Lighting	0.00	1,984.00			1,984.00
70074	Repairs and Maintenance - Access Cards	360.00	0.00			0.00
70095	Repairs and Maintenance - Pool	2,345.00	3,642.00			3,642.00
70105	Repairs and Maintenance - Mulch/Soil Common	2,375.00	5,750.00			5,750.00
70135	Repairs and Maintenance - Landscaping Extra	423.00	1,456.00			1,456.00
70138	Repairs and Maintenance - Tree Trimming and Replace	18,500.00	18,850.00			18,850.00
70150	Repairs and Maintenance - Irrigation	8,733.00	6,159.00			6,159.00
80000	Reserve Transfer	0.00	26,760.00			26,760.00
89999	Prior Year Adjustments	(15,873.00)	0.00			0.00
Total		0.00	0.00		0.00	0.00
Net (Income) Loss		(14,228.00)	26,172.00		1,638.00	27,810.00

Client: **CENTURYGDNS - Century Gardens Homeowners Association, Inc.**
 Engagement: **12/31/18 Audit**
 Period Ending: **12/31/2018**
 Trial Balance: **2100.00 - CIRATB**
 Workpaper: **2200.01 - Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
		S-00		
To agree to prior year fund balance.				
3800	Retained Earnings		1,438.00	
40090	Misc Owner Income			1,438.00
Total			1,438.00	1,438.00
Adjusting Journal Entries JE # 2				
		N-00		
To write off 2017 payables as a PPA and accrue for 2018 expenditures as a result of the search.				
2002	Accrued Expenses		24,071.00	
54050	Utilities - Electricity		3,076.00	
2002	Accrued Expenses			3,076.00
3800	Retained Earnings			24,071.00
Total			27,147.00	27,147.00
	Total Adjusting Journal Entries		28,585.00	28,585.00
	Total All Journal Entries		28,585.00	28,585.00

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CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS CONSULTANTS

**CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Financial Statements
December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Century Gardens Homeowners Association, Inc.
Miami, Florida

We have audited the accompanying financial statements of Century Gardens Homeowners Association, Inc. (a Not-For-Profit Corporation), which comprise the balance sheet as of December 31, 2018, and the related statements of revenues and expenses and changes in fund balances, 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 Century Gardens Homeowners 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Future Major Repairs and Replacements

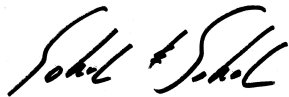
We have not applied procedures to determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses on page 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

Management has omitted the 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. Our opinion on the basic financial statements is not affected by the missing information.



SOKOL & SOKOL
Certified Public Accountants
Miami, Florida

May 17, 2019

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Balance Sheet
December 31, 2018

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
ASSETS				
Cash and cash equivalents	\$ 226,383	\$ 31,241	\$ 1,420	\$ 259,044
Assessments receivable, net of allowance for doubtful accounts of \$21,997	19,707	-	-	19,707
Prepaid expenses, principally insurance	3,881	-	-	3,881
Utility deposits	6,134	-	-	6,134
Due from (to) other fund	5,781	(4,481)	(1,300)	-
	<u>\$ 261,886</u>	<u>\$ 26,760</u>	<u>\$ 120</u>	<u>\$ 288,766</u>
Total Assets				
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 3,342	\$ -	\$ 120	\$ 3,462
Assessments paid in advance	35,851	-	-	35,851
	<u>39,193</u>	<u>-</u>	<u>120</u>	<u>39,313</u>
Total Liabilities				
Fund Balances	<u>222,693</u>	<u>26,760</u>	<u>-</u>	<u>249,453</u>
Total Liabilities and Fund Balances	<u>\$ 261,886</u>	<u>\$ 26,760</u>	<u>\$ 120</u>	<u>\$ 288,766</u>

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Statement of Revenues and Expenses and Changes in Fund Balances
For the Year Ended December 31, 2018

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
REVENUES				
Assessments	\$ 856,320	\$ 26,760	\$ -	\$ 883,080
Interest income	463	-	-	463
Late fees	15,663	-	-	15,663
Legal fees	539	-	-	539
Screening fees	8,529	-	-	8,529
Other income	7,434	-	-	7,434
Total Revenues	888,948	26,760	-	915,708
EXPENSES				
Administrative and general (Schedule)	27,517	-	-	27,517
Contract services (Schedule)	708,262	-	-	708,262
Insurance	14,630	-	-	14,630
Repairs and maintenance (Schedule)	118,887	-	-	118,887
Utilities (Schedule)	47,462	-	-	47,462
Total Expenses	916,758	-	-	916,758
Excess (Deficit) of Revenues over Expenses	(27,810)	26,760	-	(1,050)
Fund Balances - Beginning of Year	215,930	-	-	215,930
Capital contributions	10,500	-	-	10,500
Prior period adjustment	24,073	-	-	24,073
Fund Balances - End of Year	\$ 222,693	\$ 26,760	\$ -	\$ 214,880

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Statement of Cash Flows
For the Year Ended December 31, 2018

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
Cash Flows from Operating Activities				
Assessments	\$ 882,692	\$ 26,760	\$ -	\$ 909,452
Interest income	463	-	-	463
Late fees	15,663	-	-	15,663
Legal fees	539	-	-	539
Screening fees	8,529	-	-	8,529
Other income	7,434	-	-	7,434
Payments made for Association expenses	(940,253)	-	120	(940,133)
Net Cash Provided by (Used for) Operating Activities	(24,933)	26,760	120	1,947
Cash Flows from Financing Activities				
Net interfund borrowings	(5,781)	4,481	1,300	-
Capital contributions	10,500	-	-	10,500
Net Cash Provided by (Used for) Financing Activities	4,719	4,481	1,300	10,500
Net Increase (Decrease) in Cash and Cash Equivalents	(20,214)	31,241	1,420	12,447
Cash and Cash Equivalents - Beginning of Year	246,597	-	-	246,597
Cash and Cash Equivalents - End of Year	<u>\$ 226,383</u>	<u>\$ 31,241</u>	<u>\$ 1,420</u>	<u>\$ 259,044</u>

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Statement of Cash Flows (Continued)
For the Year Ended December 31, 2018

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
Reconciliation of Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used for) Operating Activities				
Excess (Deficit) of Revenues over Expenses	\$ (27,810)	\$ 26,760	\$ -	\$ (1,050)
Prior period adjustment	24,073	-	-	24,073
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used for) Operating Activities				
(Increase) decrease in assets:				
Assessments receivable	25,071	-	-	25,071
Prepaid expenses, principally insurance	(237)	-	-	(237)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	(47,331)	-	120	(47,211)
Assessments paid in advance	1,301	-	-	1,301
Net Cash Provided by (Used for) Operating Activities	<u>\$ (24,933)</u>	<u>\$ 26,760</u>	<u>\$ 120</u>	<u>\$ 1,947</u>

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.

(A Not-For-Profit Corporation)

Notes to Financial Statements For the Year Ended December 31, 2018

NOTE 1 – ORGANIZATION

Century Gardens Homeowners Association, Inc. (the “Association”) was incorporated on July 16, 2007 as a not-for-profit corporation in the State of Florida for the purpose of operating and administering the common areas of a residential community in Miami, Florida. The Association is governed and operated subject to the terms and conditions of a Declaration (the “Declaration for Century Gardens”) as recorded on March 7, 2008 among the Public Records of Miami-Dade County, Florida, the By-Laws, and rules and regulations of the Association, and any amendments thereto. The Association is comprised 466 residential units, of which 255 are townhouses and the remaining 211 are single family homes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS

Financial Statements – The accompanying financial statements were prepared pursuant to the requirements of Florida Statutes and in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – The Association uses the accrual basis of accounting. This method of accounting recognizes revenues when earned, regardless of when received, and expenditures when incurred, regardless of when paid. Special assessment revenue, if any, is recognized to the extent of special assessment expenditures and/or obligations.

Fund Accounting – The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements and other special purposes, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the replacements fund and special assessment fund generally may be made only for designated purposes.

Maintenance Assessments – Maintenance assessments are based upon a budget established by the Board of Directors. Assessments are levied against the unit owners for their proportionate share of common expenses and, if applicable, reserves for future major repairs and replacements. Assessments are payable monthly in advance. Special assessments may also be imposed from time to time as deemed appropriate by the Board of Directors.

Use of 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 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.

Property and Equipment – Common areas owned by the Association are reserved for the use of the owners and/or are required to be maintained as common areas under the Declaration and/or governmental restrictions; therefore, the sale of such common areas for revenue is remote. Accordingly, such common areas are not recorded in the financial records of the Association. The Association capitalizes, at cost, personal property to which it has title based on a threshold established by the Board of Directors.

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER MATTERS
(Continued)

Cash and Cash Equivalents – For purposes of the accompanying statement of cash flows, the Association considers demand deposit accounts and money market funds to be cash and cash equivalents

Interest Earned – The Association allocates interest earned by the future major repairs and replacements fund to the operating fund.

NOTE 3 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 17, 2019, the date that the financial statements were available to be issued.

NOTE 4 – INCOME TAXES

The Association is subject to Federal and State taxation and has, on an annual basis, the choice to select from two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues over related expenses is subject to taxation unless such excess is returned to the unit owners or applied to the following year’s assessments. The other method enables the Association to elect to exclude from taxation “exempt function income,” which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different tax rates. For the year ended December 31, 2018, there are no income tax liabilities or uncertain tax positions.

NOTE 5 – CAPITAL CONTRIBUTIONS

The Declaration requires that each buyer contribute an amount equal to two months’ maintenance assessments at closing to be used as initial working capital by the Association. For the year ended December 31, 2018, the Association has received capital contributions totaling \$10,500 as reflected on the Statement of Revenues and Expenses and Changes in Fund Balances.

NOTE 6 – ASSOCIATION INSURANCE DEDUCTIBLES

Common property of the Association is located in South Florida, an area proven geographically prone to hurricanes. The Association’s insurance policies define deductibles and exclusions which will yield uncovered costs if common property damage claims occur. The maximum deductible for which the Association could be responsible is 3% of the total insured value of the property. The Association has not set aside funds to cover the deductible. Accordingly, if such funds are needed to replace or repair association property, the Association has the right, subject to governing documents, to increase regular assessments, pass special assessments, borrow funds, utilize operating surplus, if any, or delay repairs and replacements until funds are available.

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

NOTE 7 – CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash and assessments receivable.

FDIC Insurance – The Association maintains cash in bank accounts at high credit quality financial institutions. The balance, at times, may exceed federally insured limits. The FDIC provides \$250,000 coverage per depositor, per insured bank. At December 31, 2018, the Association exceeded the insured limits by \$15,670. The Association has not incurred losses related to these funds.

Assessments Receivable – The Association’s policy is to retain legal counsel and to enforce its liens on any unpaid assessments, including the taking of foreclosure action. The Association has made an assessment of uncollectible receivables and determined that an allowance for doubtful accounts of \$21,997 is required as of December 31, 2018.

NOTE 8 – FUTURE MAJOR REPAIRS AND REPLACEMENTS FUND

The Association is not obligated, by its documents, to establish and maintain adequate reserve funds in order to fund future major repairs and replacements of common area improvements. Additionally, Florida Statutes Section 720.303(6) provides that the Board is not obligated to include reserves in the budget unless the developer initially established reserves in the budget or where a majority of the entire membership approves having statutory reserves. If a majority of the entire membership does not approve statutory reserves, then the Board has the discretion to include reserve accounts in the budget each year and such reserves may be funded and used however the Board determines.

The reserves were not established by the developer or affirmatively approved by the membership. Accordingly, the Association is not subject to the reserve requirements of Florida Statutes Section 720.303(6).

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.

The Association has not conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. Therefore, amounts accumulated in the replacements fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available. The effect on future assessments has not been determined.

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2018

NOTE 8 – FUTURE MAJOR REPAIRS AND REPLACEMENTS FUND (Continued)

The following is an analysis of the activity in the future major repairs and replacements fund for the year ended December 31, 2018:

<u>Common Area Components</u>	<u>Balance at 12/31/2017</u>	<u>Assessments/ Interest</u>	<u>Expenditures</u>	<u>Balance at 12/31/2018</u>
General	\$ -	\$ 26,760	\$ -	\$ 26,760
Total all reserves	<u>\$ -</u>	<u>\$ 26,760</u>	<u>\$ -</u>	<u>\$ 26,760</u>

NOTE 9 – SPECIAL ASSESSMENT

On October 23, 2018 the Board of Directors approved two special assessments. The first special assessment, applicable to all unit owners in the amount of \$26,760, is to fund the common area painting of the amenities and perimeter columns. The assessment for each of the 446 units is \$60. The special assessment is to be billed and paid in full by January 1, 2019. The second special assessment, applicable to only townhouse unit owners in the amount of \$306,000, is to fund the painting of the townhouses. In accordance with the Declaration, it is the Association's obligation to paint the townhouses. The assessment for each of the 255 units is \$1,200. The special assessment is to be billed and paid in twelve monthly installments from January 2019 to December 2019.

During the year ended December 31, 2018, the Association did not recognize special assessment revenues as no special assessment expenditures were incurred.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

In prior years, the Association over accrued \$24,703 in expenses. To correct this error, this amount has been reflected as a prior period adjustment in the operating fund on the Statement of Revenues and Expenses and Changes in Fund Balances.

NOTE 11 – AGREEMENTS

In the regular course of operations, the Association has entered into several agreements with third parties to provide services such as management, cable, alarm, janitorial, lawn maintenance, and others.

SUPPLEMENTARY INFORMATION

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)

Schedule of Operating Expenses
For the Year Ended December 31, 2018

ADMINISTRATIVE AND GENERAL	
Accounting	\$ 5,400
Bank charges	306
Legal fees	9,954
Licenses taxes and permits	922
Office expenses	6,396
Printing and postage	1,916
Screening fees	2,623
	<u>\$ 27,517</u>
CONTRACT SERVICES	
Alarm	\$ 114,790
Bookkeeping	26,400
Cable	403,737
Front desk	12,600
Janitorial	24,960
Lawn maintenance	82,672
Management	27,660
Pool and spa	5,490
Security	9,283
Trash	670
	<u>\$ 708,262</u>
REPAIRS AND MAINTENANCE	
Access control	\$ 7,833
Electrical	11,444
Gym	352
General	56,098
Irrigation	6,639
Janitorial supplies	2,523
Landscaping extras	7,206
Pool	7,942
Tree trimming	18,850
	<u>\$ 118,887</u>
UTILITIES	
Electricity	\$ 47,055
Water and sewer	407
	<u>\$ 47,462</u>