

SOKOL & SOKOL

CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS CONSULTANTS

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

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

August 11, 2021

Lidiala de la Rosa
Century Gardens Homeowners Association, Inc.
c/o Florida Property Management Services Solutions, Inc.
12964 SW 133rd Court
Miami, FL 33186

Dear Lidiala:

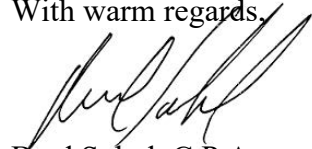
This electronic file contains the following:

- Required Communication Letter to board and management
- Adjusted trial balance
- Adjusting journal entries
- 2020 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

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August 11, 2021

To the Board of Directors and Management
Century Gardens Homeowners Association, Inc.
c/o Florida Property Management Services Solutions, Inc.
12964 SW 133rd Court
Miami, Florida 33186

We have audited the financial statements of Century Gardens Homeowners Association, Inc. (the “Association”) for the year ended December 31, 2020, and have issued our report thereon dated May 21, 2021. 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 June 25, 2020. 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 2020. 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 21, 2021.

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.

August 11, 2021

Page 3

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

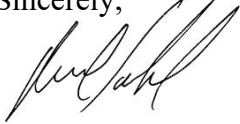
The following comment pertains to the current year's audit and requires the attention of management:

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: **12/31/20 Audit**
 Period Ending: **12/31/2020**
 Trial Balance: **2100.00 - CIRATB**

Account	Description	1st PP-Adj 12/31/2019	UNADJ 12/31/2020	JE Ref #	AJE	ADJ 12/31/2020
1011	Cash - FCB Operating II	274,684.00	202,312.00			202,312.00
1020	Cash - Reserves FCB	58,428.00	87,536.00			87,536.00
1040	Cash - FCB Capital Contributio	25,424.00	39,477.00			39,477.00
1055	CASH - FCB S/A	117,358.00	4,364.00			4,364.00
1200	Owner Assessments Receivable	42,100.00	47,357.00			47,357.00
1205	Allowance for Bad Debts	(21,997.00)	(21,997.00)			(21,997.00)
1215	Spec Assess Acc Receivables	23,678.00	3,971.00		(1,644.00)	2,327.00
				AJE - 2	(1,644.00)	
1550	Other Receivable	0.00	190.00			190.00
1610	Prepaid Insurance	3,844.00	5,732.00			5,732.00
1620	Prepaid Expenses	2,400.00	0.00		9,565.00	9,565.00
				AJE - 5	9,565.00	
1850	Utility Deposits	6,134.00	6,134.00			6,134.00
2001	Accounts Payable	(3,618.00)	(13,249.00)			(13,249.00)
2002	Accrued Expenses	(6,644.00)	(3,076.00)		(8,387.00)	(11,463.00)
				AJE - 6	(8,387.00)	
2003	Accrued expenses - Spec Assess	(19,848.00)	0.00			0.00
2500	Prepaid Owner Assessments	(35,226.00)	(60,160.00)			(60,160.00)
2900	Special Assessment Collected	(332,760.00)	(334,404.00)		1,644.00	(332,760.00)
				AJE - 2	1,644.00	
2910	Special Assessment Spent	141,982.00	340,650.00		(7,890.00)	332,760.00
				AJE - 1	(2,500.00)	
				AJE - 3	(5,390.00)	
3040	Reserves	(53,520.00)	(80,280.00)		5,390.00	(74,890.00)
				AJE - 3	5,390.00	
3700	Capital Contribution	(27,818.00)	(42,818.00)			(42,818.00)
3800	Retained Earnings	(207,375.00)	(200,443.00)		5,842.00	(194,601.00)
				AJE - 1	5,842.00	
40001	Owner Assessments	(856,320.00)	(883,060.00)			(883,060.00)
40002	Reserve Income	(26,760.00)	(26,760.00)			(26,760.00)
40003	Spec Assessment Income	0.00	124.00		(124.00)	0.00
				AJE - 4	(124.00)	
40005	Clubhouse Rental	(2,615.00)	(800.00)			(800.00)
40011	Late Fee Income	(30,561.00)	(7,802.00)		124.00	(7,678.00)
				AJE - 4	124.00	
40015	Legal Fee Income	(527.00)	(5,853.00)			(5,853.00)
40030	Screening Fees	(9,844.00)	(7,232.00)			(7,232.00)
40055	Violation Fees	(100.00)	0.00			0.00
40060	Gate/Key Cards	(800.00)	(210.00)			(210.00)
40080	Interest Income	(850.00)	(380.00)			(380.00)
40081	Reserve Interest Income	0.00	(108.00)			(108.00)
40090	Miscellaneous Income	(3,900.00)	(232.00)			(232.00)
50008	Accounting Fees	5,365.00	6,150.00			6,150.00
50010	Bad Debt	1,821.00	0.00			0.00
50011	Bank Charges	231.00	155.00			155.00
50045	Legal Fees	20,510.00	21,596.00		1,487.00	23,083.00
				AJE - 6	1,487.00	
50050	Licenses, Taxes, Permits	822.00	931.00			931.00
50055	Licenses, Taxes, Permits- Pool/Spa	61.00	0.00			0.00
50075	Office Supplies	785.00	867.00			867.00
50082	Screening Fees Expense	2,535.00	3,660.00			3,660.00
50083	Professional Fees	900.00	0.00			0.00
50085	Printing & Postage	1,786.00	1,645.00			1,645.00
50087	Miscellaneous Expenses	317.00	0.00		226.00	226.00
				AJE - 1	226.00	
50089	Website	0.00	396.00			396.00
50100	Screening Fees	688.00	0.00			0.00
52031	Property & Liability	12,028.00	11,289.00			11,289.00
52032	Umbrella Insurance	1,220.00	1,220.00			1,220.00
52035	Directors & Officers Insurance	1,836.00	1,836.00			1,836.00
52036	Fidelity Bond	329.00	285.00			285.00
52040	Insurance Finance Charges	140.00	0.00			0.00
54050	Electricity	54,630.00	50,178.00		(3,568.00)	46,610.00
				AJE - 1	(3,568.00)	
54070	Water & Sewer	998.00	213.00			213.00
60010	Alarm Services	114,790.00	124,355.00		(9,565.00)	114,790.00
				AJE - 5	(9,565.00)	
60013	Cable Television	416,941.00	435,818.00			435,818.00
60062	Front Desk Service	16,250.00	16,250.00			16,250.00
60075	Janitorial Service	24,960.00	24,960.00			24,960.00

Account	Description	1st PP-Adj 12/31/2019	UNADJ 12/31/2020	JE Ref #	AJE	ADJ 12/31/2020
60090	Lawn Maintenance Contract	82,800.00	83,400.00			83,400.00
61000	Management Services	28,440.00	28,800.00			28,800.00
61020	Pool Service Contract	5,990.00	5,900.00			5,900.00
61025	Pool Repairs	0.00	906.00			906.00
61045	Security Services	6,099.00	6,099.00			6,099.00
61046	Security Camera Monitoring	5,516.00	4,549.00			4,549.00
61055	Trash Removal	125.00	0.00			0.00
61100	Bookkeeping Service	26,400.00	28,800.00			28,800.00
70045	R&M Electrical	10,255.00	3,780.00			3,780.00
70048	Gym Equipment	2,681.00	0.00			0.00
70051	R&M Gym Supplies	910.00	0.00			0.00
70060	R&M General	26,023.00	13,402.00			13,402.00
70065	R&M Janitorial Supplies	542.00	1,288.00			1,288.00
70074	Access Cards	2,220.00	0.00			0.00
70095	R&M Pool	1,547.00	1,256.00			1,256.00
70100	R&M - Fence	1,320.00	505.00			505.00
70105	Mulch/Soil Common	13,150.00	0.00			0.00
70135	Landscaping Extras	1,160.00	16,020.00		6,900.00	22,920.00
				AJE - 6	6,900.00	
70138	Tree Trim/Replacement	20,970.00	21,980.00			21,980.00
70150	Irrigation Maintenance	2,200.00	5,768.00			5,768.00
80000	Reserve Transfer	26,760.00	26,760.00			26,760.00
Total		0.00	0.00		0.00	0.00
Net (Income) Loss		12,774.00	18,704.00		(4,520.00)	14,184.00

Client: **CENTURYGDNS - Century Gardens Homeowners Association, Inc.**
 Engagement: **12/31/20 Audit**
 Period Ending: **12/31/2020**
 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 FB to PY				
3800	Retained Earnings		5,842.00	
50087	Miscellaneous Expenses		226.00	
2910	Special Assessment Spent			2,500.00
54050	Electricity			3,568.00
Total			6,068.00	6,068.00
Adjusting Journal Entries JE # 2				
		T-00		
To record PY AJE#2 not recorded				
2900	Special Assessment Collected		1,644.00	
1215	Spec Assess Acc Receivables			1,644.00
Total			1,644.00	1,644.00
Adjusting Journal Entries JE # 3				
		T-00		
To reclass overspent S/A expenses to reserves				
3040	Reserves		5,390.00	
2910	Special Assessment Spent			5,390.00
Total			5,390.00	5,390.00
Adjusting Journal Entries JE # 4				
		CF-01.1 pg 27		
To fix incorrect posting to S/A income				
40011	Late Fee Income		124.00	
40003	Spec Assessment Income			124.00
Total			124.00	124.00
Adjusting Journal Entries JE # 5				
		CF-02.2 pg 39		
To reclass January 2021 payment to pre-paid				
1620	Prepaid Expenses		9,565.00	
60010	Alarm Services			9,565.00
Total			9,565.00	9,565.00
Adjusting Journal Entries JE # 6				
		N-00		
To record 2020 expenses resulting from the Search for Unrecordd Liabilities				
50045	Legal Fees		1,487.00	
70135	Landscaping Extras		6,900.00	
2002	Accrued Expenses			8,387.00
Total			8,387.00	8,387.00
	Total Adjusting Journal Entries		31,178.00	31,178.00
	Total All Journal Entries		31,178.00	31,178.00

SOKOL & SOKOL

CERTIFIED PUBLIC ACCOUNTANTS / BUSINESS CONSULTANTS

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

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

Financial Statements
December 31, 2019

Table of Contents

Independent Auditor's Report.....	1-3
Financial Statements	
Balance Sheet.....	4
Statement of Revenues and Expenses and Changes in Fund Balances	5
Statement of Cash Flows.....	6-7
Notes to Financial Statements	8-12
Supplementary Information.....	13
Schedule of Operating Expenses.....	14

INDEPENDENT AUDITOR'S REPORT

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

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

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

Opinion

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, 2020, 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.

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, 2020, 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 Century Gardens Homeowners 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.

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.

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 Century Gardens Homeowners 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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, including omissions, 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 Century Gardens Homeowners 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 Century Gardens Homeowners 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 expenses on page 14 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

Handwritten signature in black ink, appearing to read 'Sokol & Sokol'.

SOKOL & SOKOL
Certified Public Accountants
Miami, Florida

May 21, 2021

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

Balance Sheet
December 31, 2020

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
ASSETS				
Cash and cash equivalents	\$ 241,789	\$ 87,536	\$ 4,364	\$ 333,689
Assessments receivable, net of allowance for doubtful accounts of \$21,997	25,360	-	2,327	27,687
Prepaid expenses, principally insurance	15,297	-	-	15,297
Utility deposits	6,324	-	-	6,324
Due from (to) other fund	19,337	(12,646)	(6,691)	-
	<u>\$ 308,107</u>	<u>\$ 74,890</u>	<u>\$ -</u>	<u>\$ 382,997</u>
Total Assets				
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 24,712	\$ -	\$ -	\$ 24,712
Assessments paid in advance	60,160	-	-	60,160
Deferred reserve revenue	-	74,890	-	74,890
	<u>84,872</u>	<u>74,890</u>	<u>-</u>	<u>159,762</u>
Total Liabilities				
Fund Balances	<u>223,235</u>	<u>-</u>	<u>-</u>	<u>223,235</u>
Total Liabilities and Fund Balances	<u>\$ 308,107</u>	<u>\$ 74,890</u>	<u>\$ -</u>	<u>\$ 382,997</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, 2020

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
REVENUES				
Assessments	\$ 883,060	\$ -	\$ -	\$ 883,060
Reserve revenue recognized	-	5,390	-	5,390
Special assessment revenue recognized	-	-	190,778	190,778
Clubhouse rental fees	800	-	-	800
Interest income	488	-	-	488
Late fees	7,678	-	-	7,678
Legal fees	5,853	-	-	5,853
Screening fees	7,232	-	-	7,232
Other income	442	-	-	442
Total Revenues	905,553	5,390	190,778	1,101,721
EXPENSES				
Administrative and general (Schedule)	37,113	-	-	37,113
Contract services (Schedule)	749,366	-	-	749,366
Insurance	14,630	-	-	14,630
Major repairs and replacements expenditures	-	5,390	-	5,390
Repairs and maintenance (Schedule)	71,805	-	-	71,805
Special assessment expenditures	-	-	190,778	190,778
Utilities (Schedule)	46,823	-	-	46,823
Total Expenses	919,737	5,390	190,778	1,115,905
Excess (Deficit) of Revenues over Expenses	(14,184)	-	-	(14,184)
Fund Balances - Beginning of Year	222,419	-	-	222,419
Capital contributions	15,000	-	-	15,000
Fund Balances - End of Year	\$ 223,235	\$ -	\$ -	\$ 223,235

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

Statement of Cash Flows
For the Year Ended December 31, 2020

	Operating Fund	Future Major Repairs and Replacements Fund	Special Assessments Fund	Total
Cash Flows from Operating Activities				
Assessments and related charges	\$ 902,737	\$ 26,760	\$ 21,351	\$ 950,848
Interest income	488	-	-	488
Late fees	7,678	-	-	7,678
Legal fees	5,853	-	-	5,853
Screening fees	7,232	-	-	7,232
Other income	1,242	-	-	1,242
Payments made for Association expenses	<u>(914,530)</u>	<u>(5,390)</u>	<u>(210,626)</u>	<u>(1,130,546)</u>
Net Cash Provided by (Used for) Operating Activities	<u>10,700</u>	<u>21,370</u>	<u>(189,275)</u>	<u>(157,205)</u>
Cash Flows from Financing Activities				
Net interfund borrowings	(84,019)	7,738	76,281	-
Capital contributions	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Net Cash Provided by (Used for) Financing Activities	<u>(69,019)</u>	<u>7,738</u>	<u>76,281</u>	<u>15,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(58,319)	29,108	(112,994)	(142,205)
Cash and Cash Equivalents - Beginning of Year	<u>300,108</u>	<u>58,428</u>	<u>117,358</u>	<u>475,894</u>
Cash and Cash Equivalents - End of Year	<u>\$ 241,789</u>	<u>\$ 87,536</u>	<u>\$ 4,364</u>	<u>\$ 333,689</u>

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

Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

	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	\$ (14,184)	\$ -	\$ -	\$ (14,184)
Adjustments to Reconcile Excess (Deficit) of Revenues over Expenses to Net Cash Provided by (Used for) Operating Activities				
(Increase) decrease in assets:				
Assessments receivable	(5,257)	-	21,351	16,094
Prepaid expenses, principally insurance	(9,053)	-	-	(9,053)
Utility deposits	(190)	-	-	(190)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses	14,450	-	(19,848)	(5,398)
Assessments paid in advance	24,934	-	-	24,934
Deferred reserve revenue	-	21,370	-	21,370
Special assessment billed in excess of utilization	-	-	(190,778)	(190,778)
Net Cash Provided by (Used for) Operating Activities	\$ 10,700	\$ 21,370	\$ (189,275)	\$ (157,205)

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

Notes to Financial Statements
For the Year Ended December 31, 2020

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 the Declaration for Century Gardens (the “Declaration”) 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 of 466 residential units, of which 255 are townhouses and 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.

Pursuant to FASB Topic 606, *Revenue from Contracts with Customers*, 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 are satisfied over time. The performance obligations related to the future major repairs and replacements, and special assessment funds, if any, are satisfied when the funds are utilized for their designated purposes. A deferred liability is recorded when the Association accumulates funds in advance of the satisfaction of the related performance obligation. A deferred asset is recorded when the funds are utilized in excess of billings.

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 (the “Board”). 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.

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

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2020

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

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, real and personal property to which it has title based on a threshold established by the Board of Directors.

Cash and Cash Equivalents – For purposes of the accompanying statement of cash flows, the Association considers demand deposit and money market accounts 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 21, 2021, 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. At December 31, 2020, 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, 2020, the Association has received capital contributions totaling \$15,000 as reflected on the Statement of Revenues and Expenses and Changes in Fund Balances.

CENTURY GARDENS HOMEOWNERS ASSOCIATION, INC.

(A Not-For-Profit Corporation)

Notes to Financial Statements (Continued)

For the Year Ended December 31, 2020

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.

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, 2020, the Association exceeded the insured limits by \$86,877. 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, 2020.

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 ("reserves"). 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.

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

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2020

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

The Association has not conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property. However, the Board includes a general reserves line item in the Association’s annual budget. Therefore, amounts accumulated in the future major repairs and 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.

Reserve funds accumulated through assessments are presented on the Balance Sheet as Deferred reserve revenue. Interest earned and transfers, if any, are presented on the Balance Sheet as components of Fund Balance. An analysis of the activity in the future major repairs and replacement fund for the year ended December 31, 2020 follows:

Components of <u>Deferred Reserve Revenue</u>	<u>Balance at 12/31/2019</u>	<u>Assessments Billed</u>	<u>Expenditures</u>	<u>Balance at 12/31/2020</u>
General	\$ 53,520	\$ 26,760	\$ (5,390)	\$ 74,890
Total deferred reserve revenue	<u>\$ 53,520</u>	<u>\$ 26,760</u>	<u>\$ (5,390)</u>	<u>\$ 74,890</u>

During the year ended December 31, 2020, the Association recognized reserve revenue of \$5,390, to the extent of reserve expenditures incurred from the deferred reserve revenue account.

NOTE 9 – SPECIAL ASSESSMENTS

On October 23, 2018 the Board of Directors approved two special assessments. The first special assessment, in the amount of \$26,760 applicable to all unit owners, is to fund the common area painting of the amenities and perimeter columns. The assessment for each of the 466 units is \$60. The special assessment was billed and paid in full by January 1, 2019. The second special assessment, in the amount of \$306,000 applicable to only townhouse unit owners, 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 was billed and paid in twelve monthly installments from January 2019 to December 2019.

The activity in the special assessment fund as of December 31, 2020 consists of the following:

Special assessment 1 - Common area painting of the amenities and perimeter columns

	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>Total</u>
Special assessment billed	\$ 26,760	\$ -	\$ 26,760
Special assessment utilized	<u>\$ -</u>	<u>\$ 26,760</u>	<u>\$ 26,760</u>
Special assessment billed in excess (deficit) of utilization			<u>\$ -</u>

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

Notes to Financial Statements (Continued)
For the Year Ended December 31, 2020

NOTE 9 – SPECIAL ASSESSMENTS (Continued)

Special assessment 2 - Painting of the townhouses

	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>Total</u>
Special assessment billed	\$ 306,000	\$ -	\$ 306,000
Special assessment utilized	<u>\$ 141,982</u>	<u>\$ 164,018</u>	<u>\$ 306,000</u>
Special assessment billed in excess (deficit) of utilization			<u><u>\$ -</u></u>

During the year ended December 31, 2020, the Association recognized special assessment revenues of \$190,778, to the extent of special assessment utilization.

NOTE 10 – AGREEMENTS

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

NOTE 11 - CONTINGENCIES

Legal

The Association is from time to time subject to complaints and claims, including litigation, arising in the ordinary course of business. As of the date of this report, management believes that there are no claims or complaints of which it is currently aware that will materially affect its business, financial position, or future operating results.

COVID-19

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses causing loss of work and wages to individuals. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. This matter may negatively impact the Association's financial results as its members' willingness and ability to pay assessments becomes uncertain. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

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

Schedule of Operating Expenses
For the Year Ended December 31, 2020

ADMINISTRATIVE AND GENERAL

Accounting fees	\$ 6,150
Bank charges	155
Legal fees	23,083
Licenses taxes and permits	931
Office expenses	1,489
Printing and postage	1,645
Screening fees	3,660
	<u>\$ 37,113</u>

CONTRACT SERVICES

Alarm	\$ 114,790
Bookkeeping	28,800
Cable	435,818
Front desk	16,250
Janitorial	24,960
Lawn maintenance	83,400
Management	28,800
Pool and spa	5,900
Security	10,648
	<u>\$ 749,366</u>

REPAIRS AND MAINTENANCE

Electrical	\$ 3,780
Fence	505
General	13,402
Irrigation	5,768
Janitorial supplies	1,288
Landscaping extras	22,920
Pool	2,162
Tree trimming	21,980
	<u>\$ 71,805</u>

UTILITIES

Electricity	\$ 46,610
Water and sewer	213
	<u>\$ 46,823</u>