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November 17, 2021

To the Board of Directors
Imperial Golf Estates Homeowners Association, Inc.

We have audited the financial statements of Imperial Golf Estates Homeowners Association, Inc., ("the Association") for the year ended December 31, 2020, and have issued our report thereon dated November 17, 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 July 19, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Imperial Golf Estates Homeowners Association, Inc. 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 2017. 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.

There were no sensitive estimates affecting the financial statements.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management 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. As applicable, management has corrected all such misstatements. Enclosed you will find the proposed adjusting journal entries approved by management.

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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 October 30, 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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.

Imperial Golf Estates Homeowners Association, Inc.
November 17, 2021
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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 certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of Imperial Golf Estates Homeowners Association, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants



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November 17, 2021

Board of Directors
Imperial Golf Estates
Homeowners Association, Inc.

Dear Board Members:

In planning and performing our audit of the financial statements of Imperial Golf Estates Homeowners Association, Inc., for the year ended December 31, 2020, we considered the internal control in order to determine our auditing procedures. As a result of our analysis we are bringing the following matters to your attention:

1. The Association has a low operating fund balance. We typically recommend that Association's maintain a fund balance of at least 10%, or 1-2 months of budgeted operating maintenance fees. The Association needs to give consideration to correcting the above, by passing a special assessment, increasing the assessment by a line item provision, or delaying expenditures, if possible.
2. The Association should have a formal policy regarding the minimum amount of expense that will be charged to the Reserve accounts. During the audit we noted that expenses as small as \$270 were charged to the reserves. Reserve accounts are to be used for capital expenditures and deferred maintenance.
3. During our audit we noted that several reserve components have a negative balance. The Board should consider moving funds from the pooled reserves to cover these deficits, increase the reserve contribution in the next budget to cover these deficits or have a unit owner vote to move all components to pooled.
4. The last reserve study was done in January 2008. A new study should be performed and updated annually in order for the proper budgeting to occur.
5. The Association should include the warehouse in future funding for repairs and replacement.
6. The balances of the accounts at Alliance Association Bank and Center Star Bank exceeds \$250,000, which is the maximum deposit amount that the FDIC will insure. Moving some of these funds to other banks or to an insured cash sweep account could be considered.
7. A separate bank account should be maintained for security deposit funds which should always equal the liability. A security deposit list should be reviewed and maintained on a regular basis.
8. The Association should consider writing off the small or irregular accounts receivable and prepaid maintenance balances of \$25 or less. If the Association chooses not to write off these balances, it may consider requesting that management inform the homeowners with these balances to adjust their next maintenance payment accordingly.

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9. As an additional procedure, the Board should consider initialing their approval of the ACH direct debits (i.e. FPL) on the bank statements or initial their approval directly on the vendor invoices. In addition, the Board should ensure that there are written and established policies for approving credit card purchases. There should be a limit beyond which all authorized users need board approval, and the board should carefully review the back up each month against checks written and/ or the bank statement.

We welcome the opportunity to discuss the above.

Very truly yours,

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Unit Owners
Imperial Golf Estates
Homeowners Association, Inc.

Dear Members:

Report on the Financial Statements

We have audited the accompanying financial statements of Imperial Golf Estates Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2020, and the related statements of revenues, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Imperial Golf Estates 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Detailed Statement of Operating Revenues and Expenses Budget Comparison is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of 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.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted information on future major repairs and replacements 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.

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants
Fort Myers, Florida

November 17, 2021

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

BALANCE SHEET

December 31, 2020

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 201,002	\$ 347,993	\$ 548,995
Accounts Receivable, Net of Allowance For Uncollectible Accounts of \$ 7,550	11,814		11,814
Prepaid Expenses	64,824		64,824
Prepaid Insurance	16,255		16,255
Utility Deposits	3,079		3,079
TOTAL ASSETS	<u>\$ 296,974</u>	<u>\$ 347,993</u>	<u>\$ 644,967</u>
LIABILITIES AND FUND BALANCES			
Accounts Payable	\$ 6,024	\$	\$ 6,024
Accrued Expenses	35,022		35,022
Security Deposits	10,000		10,000
Prepaid Maintenance Fees	187,010		187,010
Deferred Reserves - Contract Liabilities		346,989	346,989
TOTAL LIABILITIES	<u>238,056</u>	<u>346,989</u>	<u>585,045</u>
Fund Balances	<u>58,918</u>	<u>1,004</u>	<u>59,922</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 296,974</u>	<u>\$ 347,993</u>	<u>\$ 644,967</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES**

Year Ended December 31, 2020

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Maintenance Fees	\$ 1,139,497	\$ 105,363	\$ 1,244,860
Interest Income	359	860	1,219
Late Fees	3,376		3,376
Legal Fee Recovery	1,635		1,635
Sales and Transfer Fees	57,000		57,000
Miscellaneous Income	39		39
Application Fees	8,650		8,650
Gate Access	3,134		3,134
TOTAL REVENUES	<u>1,213,690</u>	<u>106,223</u>	<u>1,319,913</u>
EXPENSES			
Administrative	185,120		185,120
Building Maintenance	10,288		10,288
Grounds	260,324		260,324
Insurance	14,785		14,785
Other Expense	278		278
Public Utilities	733,028		733,028
Replacement Fund Expenses (Note 4)		105,363	105,363
TOTAL EXPENSES	<u>1,203,823</u>	<u>105,363</u>	<u>1,309,186</u>
EXCESS REVENUES (OVER EXPENSES)	9,867	860	10,727
FUND BALANCES - BEGINNING	49,051	144	49,195
FUND BALANCES - ENDING	<u>\$ 58,918</u>	<u>\$ 1,004</u>	<u>\$ 59,922</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

STATEMENT OF CASH FLOWS

Year Ended December 31, 2020

	OPERATING FUND	REPLACEMENT FUND	TOTAL
	<hr/>	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES			
EXCESS REVENUES (EXPENSES)	\$ 9,867	\$ 860	\$ 10,727
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
DECREASE (INCREASE) IN ASSETS:			
Accounts Receivable - Net of Allowance	(3,427)		(3,427)
Prepaid Expenses	(64,824)		(64,824)
Prepaid Insurance	(8,119)		(8,119)
Utility Deposits	2,305		2,305
Due To/From Funds	(22,471)	22,471	
INCREASE (DECREASE) IN LIABILITIES:			
Accounts Payable	(4,161)		(4,161)
Accrued Expenses	24,899		24,899
Security Deposits	(5,000)		(5,000)
Prepaid Maintenance Fees	102,699		102,699
Deferred Reserves - Contract Liabilities		266,123	266,123
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<hr/> 31,768	<hr/> 289,454	<hr/> 321,222
NET INCREASE (DECREASE) IN CASH	31,768	289,454	321,222
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF PERIOD	<hr/> 169,234	<hr/> 58,539	<hr/> 227,773
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<hr/> <u>\$ 201,002</u>	<hr/> <u>\$ 347,993</u>	<hr/> <u>\$ 548,995</u>

The Accompanying Notes Are An Integral Part Of This Financial Statement.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

1. ORGANIZATION

Imperial Golf Estates Homeowners Association, Inc. is a statutory homeowners' association incorporated on May 22, 1979 in the State of Florida. The Association is responsible for the operation and maintenance of the common property of Imperial Golf Estates Homeowners Association, Inc., which consists of 634 homes located in Naples, Florida.

2. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 17, 2021, the date that the financial statements were available to be issued.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned and expenses are recorded in the period in which they are incurred.

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. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements.

Member Assessments

Association members are subject to periodic 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 are 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.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments plus late fees, if applicable from unit owners. The Association's policy is to retain

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments - Continued

legal counsel and place liens on the properties of owners whose assessments are delinquent according to its collection policy. Management determines the allowance for doubtful accounts by identifying troubled accounts through periodic review of accounts receivable aging schedules. No allowance for uncollectible accounts is deemed necessary. 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. The balances of assessments receivable, presented as net of allowance, as of the beginning and end of the year are \$8,387 and \$11,814, respectively.

Deferred Reserves - Contract Liabilities (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. The balances of contract liabilities (assessments received in advance – Replacement Fund) as of the beginning and end of the year are \$80,866 and \$346,989, respectively.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists of checking, money market, certificates of deposit, and treasury bills with an original maturity of 90 days or less.

Property and Equipment

Real property and common area property acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the owners in common and not by the Association. Capital Expenditures are charged to the designated funds. Generally, personal property purchased by the Association is expensed.

Warehouse / Storage Shed

The Association has title to a storage structure valued at \$120,000. Although the Association has title to the storage structure there are no significant revenues to the association. The cost of maintaining structure is absorbed into the assessment structure of the Association, nor is it severable and saleable at the board's discretion because it is common area property of the Association. Accordingly, the Association does not capitalize the structure as an asset.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2020; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2020.

4. DEFERRED RESERVES – CONTRACT LIABILITIES - FUTURE MAJOR REPAIRS AND REPLACEMENTS / ACCOUNTING POLICY RESTATED

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. These accounts, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. In addition, any special assessments adopted are also restricted to their specific purpose.

Information about the estimates of future costs of major repairs and replacements, as required by the Financial Accounting Standards Board, has not been presented. The Association has not conducted a study to estimate the remaining useful lives and the replacement costs of the Replacement Fund components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement 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 levy special assessments or delay major repairs and replacements until funds are available.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2020

4. DEFERRED RESERVES – CONTRACT LIABILITIES - FUTURE MAJOR REPAIRS AND REPLACEMENTS / ACCOUNTING POLICY RESTATED - Continued

The balance of the Contract Liability / Replacement Fund at December 31, 2020, consists of the following:

COMPONENTS	DEFERRED RESERVES 12/31/2019	INTEREST/ ASSESSMENTS	TRANSFERS	EXPENDITURES	DEFERRED RESERVES 12/31/2020
Concrete	(\$10,825)	\$0		\$0	(\$10,825)
Cul de Sacs	193,162	0		0	193,162
Drainage	171,880	0		(68,329)	103,551
Entry Gates	29,357	0		0	29,357
Equipment	42,339	0		(1,617)	40,722
Fence	33,381	0		(14,500)	18,881
Gatehouse	3,529	0		0	3,529
Generator	3,598	0		(400)	3,198
Irrigation	57,757	0		(4,100)	53,657
Landscaping	83,142	0		(3,670)	79,472
Marsilea/Entrada Maint.	21,660	0		0	21,660
Roadway	(548,114)	0		0	(548,114)
Contingency	0	0		(7,747)	(7,747)
Pooled	0	371,486		(5,000)	366,486
SUB-TOTAL CONTRACT LIABILITY- DEFERRED RESERVES	80,866	371,486	0	(105,363)	346,989
Unallocated Interest (Fund Balance as of December 31, 2020)	144	860	0	0	1,004
TOTAL LIABILITIES AND FUND BALANCE	\$81,010	\$372,346	\$0	(\$105,363)	\$347,993

Reserves-Expenditures

The Association had expenditures in 2020 with the following vendors; Bonness for the drainage project - \$42,179, MRI Underwater Specialists for \$25,550, Russ Carter Fence for \$14,500 and \$23,134 for various other projects

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2020

5. INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments (Section 277 of the Internal Revenue Code). The other method enables the Association to elect to exclude from taxation "exempt function income," (Section 528 of the Internal Revenue Code), 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 rates.

The Association has filed its 2020 federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code.

There is no current year provision for income taxes.

The Association has evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC").

The Association has no income tax returns under examination by the Internal Revenue Service. The Association believes it is no longer subject to income tax examinations for years prior to 2017.

6. COMMITMENTS

The Association has various contract services to maintain the common property including management services, cable television service, common area landscaping, trash service, lake maintenance, pest control and gate access control. These contracts have different expiration dates and renewal terms.

School Access fee

The Association has a Roadway Use / Contribution Agreement with the District School Board of Collier County, Florida granting the School Board an easement and right to utilize Association roadways. The Association received a total of \$100,000 under the agreement for a period of 20 years ending in 2031.

In the event the school board is prohibited from utilizing the roadway during the 20-year period, the Board of Directors have agreed to refund a portion of the contribution for the period of time the roadway is unavailable to the school board.

The Association has determined no significant risk of forfeiture exists and therefore, has elected to record the \$80,000 as settlement income and not a deferred liability. The Association previously had deferred the amount received in advance as a deferred liability, but subsequently recognized the \$80,000 in deferred school access revenue in 2015.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2020

7. SECURITY DEPOSITS

The Association requires the collection of refundable security deposits at the time of construction of new homes. For the year ended December 31, 2020 the security deposit balance was \$10,000.

8. TRANSFER FEE INCOME

Upon the resale of a unit, the purchaser is obligated to pay a transfer fee in the amount of \$1,000. For the year-ended December 31, 2020, the total amount collected by the Association was \$57,000.

9. CONCENTRATION OF CREDIT RISK

As of December 31, 2020, the Association maintained cash and cash equivalent balances which exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association has not experienced any losses related to these cash balances and believes it is not exposed to any significant risk on these accounts.

10. CONTINGENCIES

Insurance Deductible

The current property insurance policy contains a deductible for hurricane damage. Should the Association incur an uninsured loss, the Association has the right to increase maintenance fees, pass a special assessment or delay repairs until funds are available.

Legal

The Association is from time-to-time subject to complaints and claims, including litigation, arising in the ordinary course of business. Management believes that none of the claims and complaints of which it is currently aware will materially affect its business, financial position, or future operating results with the exception to increase in legal costs which may or may not be covered by the Association's director and officer's insurance, although no assurance can be given with respect to the ultimate outcome of any such claims or with respect to the occurrence of any future claims.

SUPPLEMENTARY INFORMATION

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

SUPPLEMENTAL INFORMATION

**DETAILED STATEMENT OF REVENUES AND EXPENSES
BUDGET COMPARISON
OPERATING FUND**

Year Ended December 31, 2020

	ACTUAL	BUDGET (Unaudited)	VARIANCE
REVENUES:			
Maintenance Fees	\$1,139,497	\$1,150,114	(\$10,617)
Interest	359	0	359
Late Fees	3,376	0	3,376
Legal Fee Recovery	1,635	0	1,635
Sales and Transfer Fees	57,000	50,000	7,000
Miscellaneous Income	39	2,400	(2,361)
Application Fees	8,650	3,000	5,650
Gate Access	3,134	1,000	2,134
Violation Fees	0	1,000	(1,000)
Total Revenues	<u>1,213,690</u>	<u>1,207,514</u>	<u>6,176</u>
EXPENSES:			
<u>ADMINISTRATIVE</u>			
Corporate Filing Fee	0	61	61
Management and Accounting Fee	51,780	51,334	(446)
Payroll	78,519	80,000	1,481
Office Expense	21,626	10,000	(11,626)
Website Expenses	1,935	5,000	3,065
Credit Card Fees	772	0	(772)
Application Fees	2,010	2,000	(10)
Legal	18,509	18,000	(509)
Accounting / Tax Prep	5,100	4,500	(600)
Engineering Expense	3,180	2,000	(1,180)
Board Meeting Expenses	300	300	0
Smart Passes	1,144	1,000	(144)
Taxes, Licenses, and Dues	245	200	(45)
TOTAL ADMINISTRATIVE	<u>185,120</u>	<u>174,395</u>	<u>(10,725)</u>
<u>BUILDING MAINTENANCE</u>			
Building	5,287	7,500	2,213
Entry & Gate	5,001	5,000	(1)
TOTAL BUILDING MAINTENANCE	<u>10,288</u>	<u>12,500</u>	<u>2,212</u>
<u>GROUNDS</u>			
Irrigation	10,318	11,000	682
Maintenance / Repairs	18,515	30,000	11,485
Lake Maintenance	18,466	15,000	(3,466)
Site Signage	1,982	1,500	(482)
Landscape Contract	77,030	75,000	(2,030)
Landscape Maintenance - Entrance	1,800	2,000	200
Fertilizer and Weed Control	11,384	12,000	616
Tree Trimming and Replacement	2,905	8,000	5,095
Gate Access Control	117,924	117,924	0
TOTAL GROUNDS	<u>260,324</u>	<u>272,424</u>	<u>12,100</u>

See independent auditors' report.

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.**

SUPPLEMENTAL INFORMATION

**DETAILED STATEMENT OF REVENUES AND EXPENSES
BUDGET COMPARISON
OPERATING FUND**

Year Ended December 31, 2020

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
EXPENSES - Continued			
<u>INSURANCE</u>			
Insurance	10,201	2,480	(7,721)
Insurance - Fidelity Bond	0	2,124	2,124
Insurance - D & O	4,584	4,576	(8)
Insurance - General Liability	0	2,635	2,635
Insurance - Automotive	0	2,027	2,027
Insurance - Umbrella	0	3,758	3,758
Insurance - Contractors Equipment	0	1,183	1,183
Insurance - Workers Compensation	0	920	920
Insurance - Cyber	0	692	692
 <i>TOTAL INSURANCE</i>	 <u>14,785</u>	 <u>20,395</u>	 <u>5,610</u>
 <u>OTHER EXPENSE</u>			
Vehicle Expense	267	0	(267)
Miscellaneous	11	0	(11)
Holiday Events	0	500	500
 <i>TOTAL OTHER EXPENSE</i>	 <u>278</u>	 <u>500</u>	 <u>222</u>
 <u>PUBLIC UTILITIES</u>			
Electric	38,640	35,000	(3,640)
Trash Collection	1,862	1,500	(362)
Cable / Internet	689,232	688,000	(1,232)
Telephone / Communications	2,992	2,500	(492)
Gas & Oil	302	300	(2)
 <i>TOTAL PUBLIC UTILITIES</i>	 <u>733,028</u>	 <u>727,300</u>	 <u>(5,728)</u>
 Total Operating Expenses	 <u>1,203,823</u>	 <u>1,207,514</u>	 <u>3,691</u>
 Excess Operating Revenues (Expenses)	 <u>\$9,867</u>	 <u>\$0</u>	 <u>\$9,867</u>

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.
PROPOSED ADJUSTING JOURNAL ENTRIES
Year Ended December 31, 2020**

		DEBIT	CREDIT
1			
FUND BALANCE		6,085	
ALLOWANCE FOR BAD DEBT			6,085
<i>(to record 2018 audit AJE not posted)</i>			
2			
FUND BALANCE (ACCOUNTING FEES 2019 & 2020)		9,600	
ACCRUED EXPENSE - CPA FEE			9,600
<i>(to accrue for the 2019 & 2020 CPA Fee)</i>			
3			
RSV - ROADWAY PHASE 1-5		3,013	
RSV - CONTINGENCY		75,581	
RSV - MAINTENANCE SHED			6,214
RSV - CUL DE SAC REPLACE			72,380
<i>(to record 2018 audit AJE not posted)</i>			
4			
RESERVES-CONCRETE/SIDEWALK/DRIVEWAY		976	
RESERVES-CUL DE SAC		48,290	
RESERVES-DRAINAGE		22,638	
RESERVES-EQUIPMENT		3,835	
RESERVES-FENCE		979	
RESERVES-GATE HOUSE		125	
RESERVES-GENERATOR		123	
RESERVES-LANDCAPING		4,399	
RESERVES-ROADWAY 1-5			81,365
<i>(to reclass reserves to correct mispostings - 2019 audit)</i>			
5			
RESERVES-DRAINAGE		980	
RESERVES-EQUIPMENT		23	
RESERVES-FENCE		208	
RESERVES-GENERATOR		6	
RESERVES- IRRIGATION		58	
RESERVES-LANDCAPING		53	
RESERVES - CONTINGENCY		111	
RESERVES-INTEREST			860
RESERVES-POOLED			579
<i>to adjust reserves for erroneous entries in transition to new management</i>			
6			
FUND BALANCE (OFFICE)		438	
FUND BALANCE (ELECTRICITY)		5,918	
FPL-LIGHT REFUND			5,918
MARCILEA / ENTRADA RECEIVABLE			438
<i>to write off old balances</i>			
		183,439	183,439

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.
POST CLOSING TRIAL BALANCE
December 31, 2020**

ACCOUNT TITLE		CLIENT T/B		ADJUSTMENTS			CPA F/S	
		DEBIT	CREDIT	DEBIT		CREDIT	DEBIT	CREDIT
<u>BALANCE SHEET</u>								
<u>ASSETS</u>								
CASH - OPERATING - ALLIANCE		\$ 74,881		-		-	\$ 74,881	
CASH - OPERATING - CENTERSTATE		124,238		-		-	124,238	
CASH - OPERATING - CENTERSTATE - MARSILEA/ENTRADA		1,883		-		-	1,883	
CASH - RESERVES - ALLIANCE		22,136		-		-	22,136	
CASH - RESERVE - CENTERSTATE		325,857		-		-	325,857	
				-		-		
OWNERS RECEIVABLE		19,364		-		-	19,364	
ALLOWANCE FOR DOUBTFUL ACCOUNTS		(1,465)		-	1	6,085		7,550
MARSILEA/ENTRADA RECEIVABLE		438		-	6	438	0	
UTILITY DEPOSITS		3,079		-		0	3,079	
FPL - LIGHT REFUND		5,918		-	6	5,918	0	
PREPAID INSURANCE		16,255		-		-	16,255	
PREPAID EXPENSES		64,824		-		-	64,824	
<u>LIABILITIES AND FUND BALANCE</u>								
ACCOUNTS PAYABLE			6,024	-		-		6,024
ACCRUED EXPENSES			25,422	-	2	9,600		35,022
ARC SECURITY DEPOSITS			10,000	-		-		10,000
PREPAID OWNER ASSESSMENT			187,010	-		-		187,010
						-		
RSV - INTEREST			144	-	5	860		1,004
POOLED RESERVE			365,907	-	5	579		366,486
RSV - CONCRETE/SIDEWALK/DRIVEWAY			(9,849)	976	4	-		(10,825)
RSV - CUL DE SAC REPLACE			169,072	-	3,4	24,090		193,162
RSV - DRAINAGE			127,169	23,618	4,5	-		103,551
RSV -ENTRY GATE			29,357	-		-		29,357
RSV -EQUIPMENT			44,580	3,858	4,5	-		40,722
RSV - FENCE			20,068	1,187	4,5	-		18,881
RSV -GATE HOUSE			3,654	125	4	-		3,529
RSV - GENERATOR			3,327	129	4,5	-		3,198
RSV - IRRIGATION SYSTEM			53,715	58	5	-		53,657
RSV - LANDSCAPING			83,924	4,452	4,5	-		79,472
RSV - MAINTENANCE SHED			(6,214)	-	3	6,214		0
RSV - MARSILEA/ENTRADA MAINTENANCE			21,660	-		-		21,660
RSV - ROADWAY PHASE 1-5			(626,466)	-	3,4	78,352		(548,114)
RSV - CONTINGENCY			67,945	75,692	3,5	-		(7,747)
				-		-		
				-		-		
FUND BALANCE			63,449	14,398		-		49,051
CURRENT YEAR INCOME / LOSS			17,510	7,643		-		9,867
		\$ 657,408	\$ 657,408	\$ 132,136		\$ 132,136	\$ 652,517	\$ 652,517
		\$0		\$0			\$0	

ENDING FUND BALANCE PER CPA F/S SHOULD EQUAL:

\$58,918