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TBD

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, 2023, 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 should ensure that the due to/from (to the operating account) is paid back from the replacement fund account as soon as possible. The bank account that is maintained for these funds should always equal the liabilities. The replacement fund account is over-funded by \$30,317.
2. The Association should ensure the Maintenance Fees per building matches the approved budgeted amount.
3. The Association's cash balance exceeded the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The Association should consider transferring some of the funds to other financial institutions.
4. The Association should ensure that a detailed list of current security deposits held is maintained and reviewed on regular basis. Deposits should be kept in a separate non - interest bearing bank account, which should always equal the deposits schedule.
5. The Association should research why the outstanding deposit in the operating bank account from June 2023.
6. In 2021, Congress passed and the president signed the Corporate Transparency Act or CTA as part of the larger Anti-Money Laundering Act. Beginning on January 1, 2024, the Association will need to report certain information to FinCEN (the Financial Crimes Enforcement Network, which is part of the US Department of the Treasury). The Association will have until January 1, 2025 to submit the initial report. The Community Associations Institute is currently seeking exemption for community associations or, at a minimum, that the reports be confidential and not public records. The Association should consult with their attorney to determine how to best handle this filing.

Very truly yours,

Gerstle, Rosen & Goldenberg, P.A.
GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023

TABLE OF CONTENTS

| | Page |
|---|-------|
| INDEPENDENT AUDITORS' REPORT | 1-3 |
| FINANCIAL STATEMENTS | |
| Balance Sheet | 4 |
| Statement of Revenues, Expenses, and Changes in Fund Balances | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-11 |
| SUPPLEMENTARY INFORMATION | |
| Supplementary Information on Future Major Repairs and Replacements | 12 |
| Detailed Statement of Operating Revenues and Expenses Budget Comparison | 13-15 |

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INDEPENDENT AUDITORS' REPORT

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

Dear Members:

Opinion

We have audited the accompanying financial statements of Imperial Golf Estates Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Imperial Golf Estates Homeowners Association, Inc., as of December 31, 2023, 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 Imperial Golf Estates 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.

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 Imperial Golf Estates Homeowners Association, Inc., ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Effect of Adopting New Accounting Standard

As discussed in Note 3 to the financial statements, as of January 1, 2023, the Association adopted Financial Accounting Standards Board ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which supersedes accounting standards that currently exist under GAAP and provides a methodology for measuring credit losses that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Association is required to apply the expected credit loss model for accounts receivable, loans, and other financial instruments. Our opinion is not modified with respect to that matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Imperial Golf Estates Homeowners Association, Inc., 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 Imperial Golf Estates Homeowners Association, Inc., 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was performed 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 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.

Gerstle, Rosen & Goldenberg, P.A.

GERSTLE, ROSEN & GOLDENBERG, P.A.
Certified Public Accountants
Fort Myers, Florida
July 29, 2024

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

BALANCE SHEET

December 31, 2023

| | <u>OPERATING FUND</u> | <u>REPLACEMENT FUND</u> | <u>TOTAL</u> |
|---|---------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 165,739 | \$ 1,043,445 | \$ 1,209,184 |
| Accounts Receivable, Net of Allowance For Credit Losses of \$ 13,611 | 4,974 | | 4,974 |
| Other Receivable | 2,481 | | 2,481 |
| Prepaid Expenses | 242 | | 242 |
| Prepaid Insurance | 20,102 | | 20,102 |
| Utility Deposits | 3,230 | | 3,230 |
| Due To/From Funds | 30,317 | (30,317) | |
| TOTAL ASSETS | <u>\$ 227,085</u> | <u>\$ 1,013,128</u> | <u>\$ 1,240,213</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Accounts Payable | \$ 3,700 | \$ | \$ 3,700 |
| Accrued Expenses | 7,709 | | 7,709 |
| Security Deposits | 17,500 | | 17,500 |
| Prepaid Maintenance Fees | 134,230 | | 134,230 |
| Deferred Reserves - Contract Liabilities | | 1,013,128 | 1,013,128 |
| TOTAL LIABILITIES | <u>163,139</u> | <u>1,013,128</u> | <u>1,176,267</u> |
| Fund Balances | <u>63,946</u> | <u>0</u> | <u>63,946</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 227,085</u> | <u>\$ 1,013,128</u> | <u>\$ 1,240,213</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, 2023

| | <u>OPERATING FUND</u> | <u>REPLACEMENT FUND</u> | <u>TOTAL</u> |
|--------------------------------------|---------------------------|-----------------------------|------------------|
| REVENUES | | | |
| Maintenance Fees | \$ 1,310,218 | \$ | \$ 1,310,218 |
| Interest Income | 238 | 6,894 | 7,132 |
| Late Fees and Interest | 6,360 | | 6,360 |
| Capital Contribution (Transfer Fees) | 37,050 | | 37,050 |
| Miscellaneous Income | 418 | | 418 |
| Application Fees | 4,510 | | 4,510 |
| Gate Access | 4,200 | | 4,200 |
| Marsilea HOA Shared Income | 1,083 | | 1,083 |
| TOTAL REVENUES | <u>1,364,077</u> | <u>6,894</u> | <u>1,370,971</u> |
| EXPENSES | | | |
| Administrative | 165,426 | | 165,426 |
| Building Maintenance | 2,410 | | 2,410 |
| Grounds | 244,465 | | 244,465 |
| Insurance | 48,033 | | 48,033 |
| Utilities | 811,332 | | 811,332 |
| TOTAL EXPENSES | <u>1,271,666</u> | <u>0</u> | <u>1,271,666</u> |
| EXCESS REVENUES (EXPENSES) | 92,411 | 6,894 | 99,305 |
| FUND BALANCES - BEGINNING | (55,882) | 0 | (55,882) |
| INTERFUND TRANSFER | 30,317 | (30,317) | 0 |
| PRIOR PERIOD ADJUSTMENT | (2,900) | | (2,900) |
| RESERVE DEFERRED | | 23,423 | 23,423 |
| FUND BALANCES - ENDING | <u>\$ 63,946</u> | <u>\$ 0</u> | <u>\$ 63,946</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, 2023

| | OPERATING FUND | REPLACEMENT FUND | TOTAL |
|---|---------------------------|-----------------------------|---------------------|
| | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| EXCESS REVENUES (EXPENSES) | \$ 92,411 | \$ 6,894 | \$ 99,305 |
| ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | |
| Reserve Deferred | | 23,423 | 23,423 |
| Prior Period Adjustment | (2,900) | | (2,900) |
| DECREASE (INCREASE) IN ASSETS: | | | |
| Accounts Receivable - Net of Allowance | 837 | | 837 |
| Other Receivable | (1,083) | | (1,083) |
| Prepaid Expenses | 16,568 | | 16,568 |
| Prepaid Insurance | 2,117 | | 2,117 |
| Due To/From Funds | (30,317) | 30,317 | |
| INCREASE (DECREASE) IN LIABILITIES: | | | |
| Accounts Payable | (39,335) | | (39,335) |
| Accrued Expenses | (67,909) | | (67,909) |
| Security Deposits | (5,000) | | (5,000) |
| Prepaid Maintenance Fees | (110,271) | | (110,271) |
| Deferred Reserves - Contract Liabilities | | 213,577 | 213,577 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | (144,882) | 274,211 | 129,329 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Interfund Transfer | 30,317 | (30,317) | 0 |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 30,317 | (30,317) | 0 |
| NET INCREASE (DECREASE) IN CASH | (114,565) | 243,894 | 129,329 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 280,304 | 799,551 | 1,079,855 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$ 165,739 | \$ 1,043,445 | \$ 1,209,184 |

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

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 July 29, 2024, 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/Maintenance Fees and Allowance for Credit Losses

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses 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 and other charges, if applicable, from association members. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent according to its collection policy. The balances of assessments receivable as of the beginning and end of the year are (net AR) \$5,811 and \$4,974, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member Assessments/Maintenance Fees and Allowance for Credit Losses (Continued)

The Association treats uncollectible assessments and other charges as credit losses. Methods, inputs, and assumptions used to evaluate when assessments are considered uncollectible include closely monitoring of outstanding assessment balances by management, member payment history of outstanding assessment balances, and susceptibility to factors outside the Association's control

In the event that the Association does not prevail against homeowners with delinquent assessments, an allowance for credit losses of \$13,611 has been established as of December 31, 2023.

Adoption of FASB ASU 2016-13 and Related Standards

Effective January 1, 2023, the Association adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

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 \$799,551 and \$1,013,128 respectively.

Cash and Cash Equivalents

For presentation purposes, cash and cash equivalents consists of checking and money market.

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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2023.

4. DEFERRED RESERVES – CONTRACT LIABILITIES - FUTURE MAJOR REPAIRS AND REPLACEMENTS

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.

The Association is funding the future major repairs and replacements based on a study conducted by an independent reserve study specialist in 2021 to estimate the remaining useful lives and the replacement costs of the common property components, as disclosed in the Supplementary information. Actual expenditures, however, may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments levy special assessments, or delay major repairs and replacements until funds are available.

The Association has adopted the pooling method which allows the Association to utilize all available replacement funds for future projects rather than only using funds designated for each individual replacement component

The balance of the Contract Liability / Replacement Fund at December 31, 2023, consists of the following:

| <u>COMPONENTS</u> | <u>BALANCE 12/31/2022</u> | <u>INTEREST/ ASSESSMENTS</u> | <u>TRANSFERS</u> | <u>EXPENDITURES</u> | <u>BALANCE 12/31/2023</u> |
|-------------------|-------------------------------|----------------------------------|------------------|---------------------|-------------------------------|
| Pooled | \$799,551 | \$243,894 | (\$30,317) | \$0 | \$1,013,128 |
| Total | \$799,551 | \$243,894 | (\$30,317) | \$0 | \$1,013,128 |

Transfer

In 2023, the Association allocated \$30,317 to Operating Fund from the Replacement Fund.

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

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2023

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 2023 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 2020.

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 (\$5,000 per year) under the agreement for a period of 20 years ending in 2031.

The Association has recognized the full amount. 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.

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, 2023 the security deposit balance was \$17,500.

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

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2023

8. TRANSFER FEE INCOME

Upon the resale of a unit, the purchaser is obligated to pay a transfer fee. For the year-ended December 31, 2023, the total amount collected by the Association was \$37,050.

9. CONCENTRATION OF CREDIT RISK

As of December 31, 2023, 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.

11. PRIOR PERIOD ADJUSTMENT

Prior period adjustments are transactions and corrections relating to prior accounting periods, and are made in order to reflect the current year without distortion. This year's prior period adjustment is \$2,900 and is due to a change in the accounting policy as to when the Association recognizes accounting fees

SUPPLEMENTARY INFORMATION

Supplementary Information on Future Major Repairs and Replacements

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

**SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

**December 31, 2023
(Unaudited)**

In 2021, the Association conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. 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 following presents significant information about the components of common property:

| <u>COMPONENTS</u> | <u>ESTIMATED REMAINING USEFUL LIVES (YEARS)</u> | <u>ESTIMATED CURRENT REPLACEMENT COSTS</u> |
|--|---|--|
| Asphalt Pavement, repaving, Mill & Overlay, Sections 1-4 (Incl. Pavers) | 3 | \$1,395,000 |
| Asphalt Pavement, repaving, Mill & Overlay, Section 5 (Incl. Pavers) | 5 | 360,000 |
| Asphalt Pavement, Walking Path, Replacement, Sections 1-4 | 13 | 133,000 |
| Concrete Curbs & Gutters, Partial Replacement | 1 | 120,000 |
| Concrete Sidewalks, Partial Replacement, Section 5 | 1 | 19,200 |
| Fencing, Chain Link, Phased Replacement | 3 | 145,833 |
| Gates, Vehicular, Aluminum, Replacement | 3 | 14,000 |
| Gate Operators, Barriers Arms & Card Readers, Replacement | 4 | 32,000 |
| Irrigation System, Phased Replacement | 18 | 36,250 |
| Irrigation System, Wells, Rebuilding, Remaining 3 | 18 | 24,000 |
| Light Poles & Fixtures, Entrada Only | 3 | 140,000 |
| Maintenance Building, Exterior Renovation | 8 | 59,800 |
| Pipes, Subsurface Utilities, Stormwater, Inspections & Partial Replaceme | 6 | 65,000 |
| Ponds, Dredging, Partial | 6 | 437,500 |
| Ponds, Erosion Control, Partial (Incl. Weirs/Bulkheads) | 23 | 50,800 |
| Pump, Flood | 7 | 9,000 |
| Signage, Street Identification & Traffic | 13 | 30,000 |
| Vehicle, Tractor, Kubota 2007 | 8 | 19,000 |
| Vehicle, Truck, Toyota 2017 | 8 | 45,000 |
| Wingwall | 7 | 15,000 |
| Generator | 7 | 10,000 |
| Contingency/hurricane | | 45,000 |
| TOTAL | | <u><u>\$3,205,383</u></u> |

| | <u>CONTRIBUTION PERIOD</u> | <u>POOLING METHOD FUNDING</u> |
|---------------------|--------------------------------|-----------------------------------|
| Annual Contribution | 2024 | \$237,000 |

SUPPLEMENTARY INFORMATION

Detailed Statement of Operating Revenues and Expenses Budget Comparison

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

SUPPLEMENTAL INFORMATION

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

Year Ended December 31, 2023

| | <u>ACTUAL</u> | <u>BUDGET (Unaudited)</u> | <u>VARIANCE</u> |
|--------------------------------------|------------------|-------------------------------|-----------------|
| REVENUES: | | | |
| Maintenance Fees | \$1,310,218 | \$1,317,797 | (\$7,579) |
| Bad Debt Expense | 0 | (2,000) | 2,000 |
| Interest Income | 238 | 0 | 238 |
| Late Fees and Interest | 6,360 | 0 | 6,360 |
| Capital Contribution (Transfer Fees) | 37,050 | 30,000 | 7,050 |
| Miscellaneous Income | 418 | 2,400 | (1,982) |
| Application Fees | 4,510 | 6,000 | (1,490) |
| Gate Access | 4,200 | 2,000 | 2,200 |
| Marsilea HOA Shared Income | 1,083 | 0 | 1,083 |
| Total Revenues | <u>1,364,077</u> | <u>1,356,197</u> | <u>7,880</u> |
| EXPENSES: | | | |
| <u>ADMINISTRATIVE</u> | | | |
| Corporate Filing Fee | 61 | 61 | 0 |
| Management and Accounting Fee | 54,000 | 54,000 | 0 |
| Payroll | 84,685 | 90,621 | 5,936 |
| Office Expense | 11,953 | 11,000 | (953) |
| Website Expenses | 1,443 | 1,700 | 257 |
| Application Fees | 550 | 2,000 | 1,450 |
| Background Check Expense | 910 | 0 | (910) |
| Legal | 5,846 | 19,500 | 13,654 |
| Accounting and Tax Prep | 5,500 | 5,400 | (100) |
| Board Meeting Expenses | 375 | 350 | (25) |
| Taxes, Licenses, and Dues | 103 | 700 | 597 |
| TOTAL ADMINISTRATIVE | <u>165,426</u> | <u>185,332</u> | <u>19,906</u> |
| <u>BUILDING MAINTENANCE</u> | | | |
| Building | 513 | 1,000 | 487 |
| Entry and Gate | 1,887 | 5,000 | 3,113 |
| Miscellaneous | 10 | 500 | 490 |
| Holiday Events | 0 | 500 | 500 |
| TOTAL BUILDING MAINTENANCE | <u>2,410</u> | <u>7,000</u> | <u>4,590</u> |

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

SUPPLEMENTAL INFORMATION

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

Year Ended December 31, 2023

| <u>EXPENSES(Continued):</u> | <u>ACTUAL</u> | <u>BUDGET (Unaudited)</u> | <u>VARIANCE</u> |
|------------------------------------|----------------------|--------------------------------------|------------------------|
| <u> GROUND</u> | | | |
| Irrigation | 13,358 | 7,000 | (6,358) |
| Maintenance and Repairs | 14,681 | 15,000 | 319 |
| Lake Maintenance | 13,125 | 15,400 | 2,275 |
| Site Signage | 0 | 2,000 | 2,000 |
| Landscape Contract | 46,550 | 82,300 | 35,750 |
| Landscape Maintenance - Entrance | 2,304 | 2,000 | (304) |
| Fertilizer and Weed Control | 16,769 | 13,000 | (3,769) |
| Tree Trimming and Replacement | 0 | 13,000 | 13,000 |
| Gate Access Control | 137,678 | 136,944 | (734) |
| TOTAL GROUND | 244,465 | 286,644 | 42,179 |
| <u> INSURANCE</u> | | | |
| Insurance | 20,079 | 9,904 | (10,175) |
| Insurance - Fidelity Bond | 143 | 1,400 | 1,257 |
| Insurance - D & O | 4,379 | 4,500 | 121 |
| Insurance - General Liability | 354 | 4,000 | 3,646 |
| Insurance - Automotive | 2,434 | 2,500 | 66 |
| Insurance - Umbrella | 15,744 | 17,000 | 1,256 |
| Insurance - Equipment Breakdown | 334 | 300 | (34) |
| Insurance - Inland Marine | 1,739 | 1,500 | (239) |
| Insurance - Workers Compensation | 0 | 920 | 920 |
| Insurance - Cyber | 2,827 | 3,000 | 173 |
| TOTAL INSURANCE | 48,033 | 45,024 | (3,009) |

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

SUPPLEMENTAL INFORMATION

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

Year Ended December 31, 2023

| | ACTUAL | BUDGET (Unaudited) | VARIANCE |
|------------------------------------|---------------|-------------------------------|-----------------|
| <u>EXPENSES(Continued):</u> | | | |
| <i>UTILITIES</i> | | | |
| Electric | 41,552 | 42,000 | 448 |
| Trash Collection | 1,791 | 1,600 | (191) |
| Cable, Internet | 764,816 | 781,997 | 17,181 |
| Telephone, Communications | 1,641 | 2,600 | 959 |
| Gas and Oil | 1,532 | 4,000 | 2,468 |
| | | | |
| TOTAL UTILITIES | 811,332 | 832,197 | 20,865 |
| | | | |
| TOTAL EXPENSES | 1,271,666 | 1,356,197 | 84,531 |
| | | | |
| EXCESS REVENUES (EXPENSES) | \$92,411 | \$0 | \$92,411 |

**IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.
POST CLOSING TRIAL BALANCE
December 31, 2023**

| 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 #2713 | \$ 92,318 | | - | - | \$ 92,318 | |
| CASH - OPERATING - AAB OP ICS #219 | 55,425 | | - | - | 55,425 | |
| CASH - OPERATING - ACH #0759 | 17,996 | | - | - | 17,996 | |
| CASH - RESERVES- AAB #4499 | 489,979 | | - | - | 489,979 | |
| CASH - RESERVES - VNB #7894 | 240,408 | | - | - | 240,408 | |
| CASH - RESERVES - VNB ICS #894 | 313,058 | | - | - | 313,058 | |
| OWNERS RECEIVABLE | 18,585 | | - | - | 18,585 | |
| AR - MARSILEA, ENTRADA | 2,300 | | - | - | 2,300 | |
| ALLOWANCE FOR DOUBTFUL ACCOUNTS | | 13,611 | - | - | | 13,611 |
| UTILITY DEPOSITS | 3,230 | | - | - | 3,230 | |
| PREPAID INSURANCE | 20,102 | | - | - | 20,102 | |
| PREPAID EXPENSES | 242 | | - | - | 242 | |
| DUE FROM ASSOCIATION | 181 | | - | - | 181 | |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | | |
| ACCOUNTS PAYABLE | | 3,700 | - | - | | 3,700 |
| ACCRUED EXPENSES | | 2,209 | - | - | | 2,209 |
| ACCRUED EXPENSES - CPA FEE | | | - | 5,500 | | 5,500 |
| ARC SECURITY DEPOSITS | | 15,000 | - | - | | 15,000 |
| BUILD DEPOSIT | | 2,500 | - | - | | 2,500 |
| PREPAID OWNER ASSESSMENT | | 134,230 | - | - | | 134,230 |
| <u>RESERVES</u> | | | | | | |
| DEF RESERVE - POOLED RESERVE | | 1,036,551 | 23,423 | x | - | 1,013,128 |
| CURRENT YEAR INCOME / LOSS - RESERVE | 23,423 | | - | x | 23,423 | 0 |
| FUND BALANCE | 55,882 | | - | - | 55,882 | |
| INTERFUND TRANSFER | | 30,317 | - | - | | 30,317 |
| PRIOR YEAR ADJUSTMENT | | | 2,900 | - | 2,900 | |
| CURRENT YEAR INCOME / LOSS | | 95,011 | 2,600 | - | | 92,411 |
| | \$ 1,333,129 | \$ 1,333,129 | \$ 28,923 | | \$ 28,923 | \$ 1,312,606 |
| | | \$0 | | \$0 | | \$0 |

ENDING FUND BALANCE PER CPA F/S SHOULD EQUAL: \$63,946

IMPERIAL GOLF ESTATES
HOMEOWNERS ASSOCIATION, INC.
PROPOSED ADJUSTING JOURNAL ENTRIES
Year Ended December 31, 2023

| | | DEBIT | CREDIT |
|--|--|--------------|--------------|
| 1 | | | |
| Accounting Fees | | 5,500 | |
| Accrued Expense - CPA Fee | | | 5,500 |
| <i>(for accruals for the CPA Fee 2023)</i> | | | |
| | | | |
| | | 5,500 | 5,500 |