

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**



# Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

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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, 2016, 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.

### 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, 2016, 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.

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

### **Emphasis of Matter**

As discussed in Note 11, the Association entered into a Roadway Use / Contribution Agreement with the District School Board of Collier County, Florida in October, 2010 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 twenty years ending in 2031. In the event the school board is prohibited from utilizing the roadway during the twenty 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 contingent 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 and restated the operating fund balance as of December 31, 2015.

### **Disclaimer of Opinion on Required Supplementary Information On Future Major Repairs and Replacements**

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, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who 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

April 24, 2017

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

**BALANCE SHEET**

**December 31, 2016**

	<b>OPERATING FUND</b>	<b>REPLACEMENT FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 206,792	\$ 212,481	\$ 419,273
Certificates of Deposit		250,000	250,000
Unit Owner Receivable	4,041		4,041
Allowance for Uncollectible	(2,000)		(2,000)
Prepaid Expenses	994		994
Prepaid Insurance	10,185		10,185
<b>TOTAL ASSETS</b>	<b>\$ 220,012</b>	<b>\$ 462,481</b>	<b>\$ 682,493</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	\$ 14,421	\$	\$ 14,421
Security Deposits	5,000		5,000
Prepaid Maintenance Fees	142,396		142,396
<b>TOTAL LIABILITIES</b>	<b>161,817</b>		<b>161,817</b>
Fund Balances	58,195	462,481	520,676
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 220,012</b>	<b>\$ 462,481</b>	<b>\$ 682,493</b>

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, 2016**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Maintenance Fees	\$ 880,766	\$ 189,089	\$ 1,069,855
Legal Fee Recovery	7,741		7,741
Interest Income		1,921	1,921
Screening Fees	6,100		6,100
Late Fees	1,813		1,813
Gate Access	290		290
Gate Opener Income	2,919		2,919
Bad Debt Recovery	7,316		7,316
Newsletter Income	11,363		11,363
Transfer Fees	41,870		41,870
Violation Fee Income	1,450		1,450
<b>TOTAL REVENUES</b>	<u>961,628</u>	<u>191,010</u>	<u>1,152,638</u>
<b>EXPENSES</b>			
<b>(See Supplementary Information)</b>			
Administrative	201,177		201,177
Utilities	457,018		457,018
Building & Grounds Maintenance	237,370		237,370
Miscellaneous	7,273		7,273
Insurance	15,477		15,477
Replacement Fund Expenditures (Note 4)		222,093	222,093
<b>TOTAL EXPENSES</b>	<u>918,315</u>	<u>222,093</u>	<u>1,140,408</u>
<b>EXCESS REVENUES (EXPENSES)</b>	43,313	(31,083)	12,230
<b>FUND BALANCES - BEGINNING</b>	<u>14,882</u>	<u>493,564</u>	<u>508,446</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 58,195</u>	<u>\$ 462,481</u>	<u>\$ 520,676</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, 2016**

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>EXCESS REVENUES</b>	\$ 43,313	\$ (31,083)	\$ 12,230
<b>ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
<b>DECREASE (INCREASE) IN ASSETS:</b>			
Unit Owner Receivable (Net of Allowance)	5,162		5,162
Prepaid Expenses	1,161		1,161
Prepaid Insurance	(243)		(243)
<b>INCREASE (DECREASE) IN LIABILITIES:</b>			
Accounts Payable	9,071		9,071
Prepaid Maintenance Fees	(25,560)		(25,560)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>32,904</b>	<b>(31,083)</b>	<b>1,821</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Certificates of Deposit		(250,000)	(250,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(250,000)</b>	<b>(250,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
<b>NET INCREASE IN CASH</b>	32,904	(281,083)	(248,179)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>173,888</b>	<b>493,564</b>	<b>667,452</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 206,792</b>	<b>\$ 212,481</b>	<b>\$ 419,273</b>

The accompanying notes are an integral part of this financial statement.

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

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**1. ORGANIZATION**

Imperial Golf Estates Homeowners Association, Inc. is a not-for-profit; non Stock Corporation organized pursuant to Chapter 720 of the Florida Statutes. The Association was formed to maintain and protect the common areas, and consists of 634 homes located in Naples, Florida.

**2. 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.

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.

Cash and Cash Equivalents

For presentation purposes, the Association consolidates checking and money market funds.

Capitalization and Depreciation Policy

Real property not directly associated with units are recognized as assets by the Association when the Association has title to the property and either the asset can be disposed of by the Board of Directors or generates significant cash flows from members on the basis of usage or from nonmembers. Common personal property purchased with Association funds, with a useful life of more than one year, is capitalized on the Association's financial statements. Capitalized assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

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

**NOTES TO FINANCIAL STATEMENTS  
Continued**

**December 31, 2016**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Subsequent Events

The subsequent events have been evaluated through April 21, 2017, the date the financial statements were available to be issued. As of that date, there are no subsequent events to be reported.

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, 2016; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2016.

**3. MAINTENANCE ASSESSMENTS / ACCOUNTS RECEIVABLE**

The Association Declaration provides that each owner is chargeable for their proportionate share of common expenses based upon the budget adopted. The Association has lien rights in the event of delinquent assessments, which can be exercised through foreclosure proceedings.

Accounts receivable are recorded at the original billing amount plus late fees, if applicable. Management determines the allowance for doubtful accounts by identifying troubled accounts through periodic review of accounts receivable aging schedules. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

**4. REPLACEMENT FUNDS**

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 approved budget includes provisions for reserves for capital improvements and deferred maintenance. The funds are being accumulated based on estimates of future needs for repairs and replacements of common property components as disclosed in the supplementary information. 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, pass 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, 2016**

**4. REPLACEMENT FUNDS (Continued)**

The balance at December 31, 2016, consists of the following:

COMPONENTS	BALANCE 12/31/2015	INTEREST/ ASSESSMENTS	TRANSFERS	EXPENDITURES	BALANCE 12/31/2016
Concrete	\$36,151	(\$330)		(\$4,850)	\$30,971
Drainage	101,590	58,368		(50,615)	109,343
Entry Gates	25,351	6,704		(4,376)	27,679
Equipment	49,680	3,254			52,934
Fence	20,470	4,096			24,566
Gatehouse	2,025	510			2,535
Generator	2,087	545			2,632
Irrigation	45,113	4,159			49,272
Landscaping	50,259	15,324		(2,950)	62,633
Roadway	40,888	98,330		(128,184)	11,034
Contingency	103,489	50		(31,118)	72,421
Interest	3,595	0			3,595
Special Assessment	12,866				12,866
<b>TOTAL</b>	<b>\$493,564</b>	<b>\$191,010</b>	<b>\$0</b>	<b>(\$222,093)</b>	<b>\$462,481</b>

The Association allocates any interest earned on replacement fund based on the average annual balance of the replacement fund components.

Special Assessment

In 2009, the Association passed a special assessment to fund road work and repairs to the back gate. In 2015, the Association collected \$12,866 from delinquent homeowners (due to foreclosures and bankruptcies). At December 31, 2016, the balance remains at \$12,866.

Commitments / Reserves / Expenditures

The Association entered into contracts and incurred expenses with multiple vendors including Jim Mitchell Concrete for \$4,850, Seaton Paving & Sitework for \$128,184, Discount Pumps for \$4,895, MRI Underwater for \$6,972, Lanzo Trenchless Technology for \$36,522, Ramco Protective Services for \$4,376 and miscellaneous repairs for \$6,271. In addition, the Association purchased a pick-up truck for \$30,023.

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

**NOTES TO FINANCIAL STATEMENTS  
Continued**

**December 31, 2016**

**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 will file its 2016 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 2014.

**6. CONCENTRATION OF CREDIT RISK**

As of December 31, 2016, 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.

**7. 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.

**8. 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, 2016 the security deposit balance was \$5,000.

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

**NOTES TO FINANCIAL STATEMENTS  
Continued**

**December 31, 2016**

**9. 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, 2016, the total amount collected by the Association was \$41,870.

**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. DEFERRED SCHOOL ACCESS FEE / FUND BALANCE RESTATED**

Deferred 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.

Fund Balance Restated

At December 31, 2015, the Association had a balance of \$80,000 recorded as deferred income. The Association has subsequently recognized the \$80,000 in deferred school access revenue in 2015 and has restated the operating fund balance at December 31, 2015 for that change.

## **SUPPLEMENTARY INFORMATION**

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

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

**December 31, 2016  
(Unaudited)**

In 2008, the Association conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. However, in 2014, management of the Association performed an in-house study and these findings are the basis of the information on the components of common property (below). Replacement costs were based on estimates from historical experience. 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</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>2017 FUNDING REQUIREMENT</u>
Contingency Fund	0 Years	\$45,404	\$0
Concrete	4 Years	40,000	0
Cul De Sac Replace	2 Years	100,000	50,000
Drainage	14 Years	828,000	47,970
Entry Gates	9 Years	20,000	451
Equipment	5 Years	41,502	3,150
Fence	12 Years	68,500	3,667
Gate House	16 Years	10,000	369
Generator	12 Years	8,000	345
Irrigation System	2 Years	41,000	6,069
Landscaping	8 Years	170,861	12,061
Marsilea/Entrada Maint	0 Years	7,888	7,888
Seal Coating/All	1 Year	104,000	0
Roadway-Phase 1-5	25 Years	1,410,000	57,119
		<hr/>	<hr/>
<b>TOTAL</b>		<b>\$2,895,155</b>	<b>\$189,089</b>

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

**SUPPLEMENTAL INFORMATION**

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

Year Ended December 31, 2016

	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<b><u>REVENUES:</u></b>			
Maintenance Fees	\$880,766	\$890,477	(\$9,711)
Legal Fee Recovery	7,741	0	7,741
Screening Fees	6,100	3,000	3,100
Late Fees	1,813	3,500	(1,687)
Gate Access	290	1,000	(710)
Gate Opener Income	2,919	0	2,919
Bad Debt Recovery	7,316	0	7,316
Newsletter Income	11,363	9,000	2,363
Transfer Fees	41,870	40,000	1,870
Miscellaneous Income/Violation Fines	1,450	2,100	(650)
Total Revenues	<u>961,628</u>	<u>949,077</u>	<u>12,551</u>
<b><u>EXPENSES:</u></b>			
<b><u>ADMINISTRATIVE EXPENSE</u></b>			
Corporate Filing Fee	61	0	(61)
Management/Accounting Fee	51,100	60,000	8,900
Website Expenses	1,265	1,215	(50)
Office Expense/Postage	19,141	17,000	(2,141)
Payroll	70,955	75,000	4,045
Bad Debt Expense	10,724	2,000	(8,724)
Credit Card Fees	369	0	(369)
Newsletters	16,610	15,000	(1,610)
Board Meeting Expenses	1,565	1,600	35
Professional/Legal	22,616	10,000	(12,616)
Audit/Accounting Fees	4,500	2,500	(2,000)
Application Fees Expense	1,725	0	(1,725)
Smart Passes	546	0	(546)
Taxes, Licenses, Dues	0	100	100
TOTAL ADMINISTRATIVE EXPENSE	<u>201,177</u>	<u>184,415</u>	<u>(16,762)</u>
<b><u>UTILITIES</u></b>			
Electric	40,987	41,000	13
Trash Removal	1,504	2,000	496
Cable TV	409,745	411,226	1,481
Telephone	4,782	4,300	(482)
TOTAL UTILITIES	<u>457,018</u>	<u>458,526</u>	<u>1,508</u>

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

**SUPPLEMENTAL INFORMATION**

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

Year Ended December 31, 2016

<u>EXPENSES - Continued</u>	<u>ACTUAL</u>	<u>BUDGET (Unaudited)</u>	<u>VARIANCE</u>
<u><i>BUILDING &amp; GROUNDS MAINTENANCE</i></u>			
Irrigation System	13,111	14,000	889
Grounds Maintenance/Supplies	6,750	5,000	(1,750)
Lake Maintenance	14,380	14,000	(380)
Fountain Maintenance	1,881	1,000	(881)
Site Signage	4,870	2,000	(2,870)
Landscape Contract	57,425	60,200	2,775
Landscape Maintenance - Entrance	1,091	3,000	1,909
Fertilizer & Weed Control	10,281	12,000	1,719
Landscaping	1,685	14,500	12,815
Tree Trimming/ Replacement	6,623	8,000	1,377
Exotic Maintenance	2,000	9,000	7,000
Mulch - Annual	348	10,000	9,652
Gate Access Control	108,719	107,156	(1,563)
Entry & Gate Maintenance	6,849	14,000	7,151
Gas & Oil	1,323	1,800	477
Fuel - Purchase Card	0	2,000	2,000
Vehicle Expense	34	500	466
<i>TOTAL BUILDING &amp; GROUNDS MAINTENANCE</i>	<u>237,370</u>	<u>278,156</u>	<u>40,786</u>
<u><i>MISCELLANEOUS</i></u>			
Recreation Improvement/Repairs	3,957	2,000	(1,957)
Contingency	(984)	0	984
Holiday Event Expense	400	1,200	800
Rental Expense	3,900	7,800	3,900
<i>TOTAL MISCELLANEOUS</i>	<u>7,273</u>	<u>11,000</u>	<u>3,727</u>
<u><i>INSURANCE</i></u>			
Insurance - Package	13,750	11,330	(2,420)
Insurance - Fidelity Bond	242	450	208
Insurance - D & O	1,429	4,400	2,971
Insurance - Workers Compensation	56	800	744
<i>TOTAL INSURANCE</i>	<u>15,477</u>	<u>16,980</u>	<u>1,503</u>
Total Operating Expenses	<u>918,315</u>	<u>949,077</u>	<u>30,762</u>
Excess Operating Revenues (Expenses)	<u>\$43,313</u>	<u>\$0</u>	<u>\$43,313</u>

**IMPERIAL GOLF ESTATES HOMEOWNERS ASSOCIATION, INC.**  
**PROPOSED ADJUSTING JOURNAL ENTRIES**  
**December 31, 2016**

	CLIENT ACCOUNT NUMBER	DEBIT	CREDIT
1			
<b>FUND BALANCE (LEGAL FEES)</b>		2,670	
<b>ACCOUNTS PAYABLE</b>			2,670
<i>to record addl A/P</i>			
2			
<b>DEFFERED SCHOOL ACCESS FEE</b>		75,000	
<b>FUND BALANCE (PRIOR PERIOD ADJUSTMENT)</b>			75,000
<i>to recognize the income in 2016</i>			
		77,670	77,670



**IMPERIAL GOLF ESTATES HOMEOWNERS ASSOCIATION, INC.**  
**POST CLOSING TRIAL BALANCE**  
 December 31, 2016

ACCOUNT TITLE	CLIENT ACCOUNT NUMBER	CLIENT T/B		ADJUSTMENTS		CPA F/S	
		DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT
<b><u>BALANCE SHEET</u></b>							
<b>ASSETS</b>							
CASH - OPERATING - IBERIA BANK		\$ 196,792		-	-	\$ 196,792	
CASH - OPERATING - FLORIDA COMMUNITY BANK		10,000		-	-	10,000	
CASH - RESERVE - VALLEY NATIONAL BANK		212,481		-	-	212,481	
CASH - RESERVE - FLORIDA COMMUNITY BANK CD 3/17/17		250,000		-	-	250,000	
OWNERS RECEIVABLE		4,041		-	-	4,041	
ALLOWANCE FOR DOUBTFUL ACCOUNTS			2,000	-	-		2,000
PREPAID EXPENSE		994		-	-	994	
PREPAID INSURANCE		10,185		-	-	10,185	
<b><u>LIABILITIES AND FUND BALANCE</u></b>							
ACCOUNTS PAYABLE			11,751	-	2,670		14,421
SECURITY DEPOSITS			5,000	-	-		5,000
PREPAID MAINTENANCE			142,396	-	-		142,396
DEFERRED SCHOOL ACCESS REVENUE			75,000	75,000	-		0
FUND RESERVES - UNALLOCATED INTEREST			0	-	-		0
FUND RESERVES - CONCRETE/SIDEWALK/DRIVEWAY			40,189	-	-		40,189
FUND RESERVES - DRAINAGE			157,016	-	-		157,016
FUND RESERVES - ENTRY GATE			15,684	-	-		15,684
FUND RESERVES - EQUIPMENT			25,848	-	-		25,848
FUND RESERVES - FENCE			24,587	-	-		24,587
FUND RESERVES - GATE HOUSE			2,503	-	-		2,503
FUND RESERVES - GENERATOR			2,665	-	-		2,665
FUND RESERVES - IRRIGATION SYSTEM			28,972	-	-		28,972
FUND RESERVES - LANDSCAPING			65,583	-	-		65,583
FUND RESERVES - SEAL COATING-ALL AREAS			104,397	-	-		104,397
FUND RESERVES - ROADWAY PHASE 1-5		18,020		-	-	18020	
FUND RESERVES - CONTINGENCY			13,057	-	-		13,057
FUND BALANCE		83,101		-	17,983	65,118	
PRIOR PERIOD ADJUSTMENT			1,463	-	78,537		80,000
CURRENT YEAR INCOME / LOSS	-----		67,503	24,190	-		43,313
		\$ 785,614	\$ 785,614	\$ 99,190	\$ 99,190	\$ 767,631	\$ 767,631
		\$0		\$0		\$0	

ENDING FUND BALANCE PER CPA F/S SHOULD EQUAL:

**\$58,195**



# Gerstle, Rosen & Goldenberg, P.A.

Certified Public Accountants

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April 24, 2017

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, 2016, and have issued our report thereon dated April 24, 2017. 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 January 18, 2017. 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 2016. 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 April 20, 2017.

*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.  
April 24, 2017  
Page 3

*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