

**Tamarind Gulf and Bay
Condominium Association, Inc.**

Financial Statements

December 31, 2020

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tamarind Gulf and Bay Condominium Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Tamarind Gulf and Bay Condominium Association, Inc., which comprise the balance sheet as of December 31, 2020, 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.

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 Tamarind Gulf and Bay Condominium Association, Inc. as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

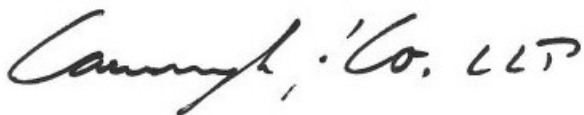
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of replacement fund activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

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 Summarized Comparative Information

We have previously audited Tamarind Gulf and Bay Condominium Association, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated February 20, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
May 17, 2021

Tamarind Gulf and Bay Condominium Association, Inc.

Balance Sheet
December 31, 2020

	<u>ASSETS</u>			2019 Total (For Comparative Purposes Only)
	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>	
Assets:				
Cash and cash equivalents	\$ 163,240	86,180	249,420	132,561
Certificates of deposit	-	33	33	201,016
Assessments receivable	9,800	-	9,800	6,500
Due (to) from other fund	(89,154)	89,154	-	-
Prepaid expenses	<u>77,841</u>	<u>-</u>	<u>77,841</u>	<u>75,309</u>
 Total assets	 <u>\$ 161,727</u>	 <u>175,367</u>	 <u>337,094</u>	 <u>415,386</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 22,424	-	22,424	-
Prepaid assessments	126,454	-	126,454	158,004
Security deposits	500	-	500	500
Payroll taxes payable	126	-	126	2,811
Contract liabilities - (assessments received in advance - Replacement Fund)	<u>-</u>	<u>175,367</u>	<u>175,367</u>	<u>226,694</u>
 Total liabilities	 149,504	 175,367	 324,871	 388,009
 Fund Balances	 <u>12,223</u>	 <u>-</u>	 <u>12,223</u>	 <u>27,377</u>
 Total liabilities and fund balances	 <u>\$ 161,727</u>	 <u>175,367</u>	 <u>337,094</u>	 <u>415,386</u>

See accompanying notes to financial statements.

Tamarind Gulf and Bay Condominium 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>	<u>2019 Total (For Comparative Purposes Only)</u>
Revenues:				
Maintenance assessments	\$ 959,000	397,327	1,356,327	1,387,958
Interest	13	127	140	1,633
Laundry	3,500	-	3,500	3,500
Unrealized gain (loss) on investments	-	-	-	13,191
Other	14,400	-	14,400	15,750
Total revenues	<u>976,913</u>	<u>397,454</u>	<u>1,374,367</u>	<u>1,422,032</u>
Expenses:				
Replacement	-	397,454	397,454	516,904
Accounting and audit	9,350	-	9,350	10,081
Cable TV	76,130	-	76,130	71,794
Dock lease	-	-	-	-
Electricity	13,045	-	13,045	11,379
Insurance	460,487	-	460,487	411,842
Interest	5,876	-	5,876	6,618
Laundry room	606	-	606	1,833
Legal-general	11,573	-	11,573	14,582
Licenses, permits and dues	4,221	-	4,221	2,712
Management fees	11,740	-	11,740	-
Miscellaneous	5,737	-	5,737	(1,118)
Office	10,319	-	10,319	6,129
Payroll	105,217	-	105,217	130,738
Pest control	17,494	-	17,494	16,219
Repairs and maintenance:				
Building maintenance	29,098	-	29,098	20,555
Elevator	12,001	-	12,001	12,239
Grounds contract	67,821	-	67,821	59,245
Grounds maintenance	4,386	-	4,386	14,881
Pool repairs	10,918	-	10,918	9,194
State condominium fee	580	-	580	580
Taxes-payroll	9,458	-	9,458	10,148
Telephone	6,553	-	6,553	6,830
Water and sewer	119,457	-	119,457	109,688
Total expenses	<u>992,067</u>	<u>397,454</u>	<u>1,389,521</u>	<u>1,443,073</u>
Deficiency of revenues over expenses	(15,154)	-	(15,154)	(21,041)
Fund balance, January 1	<u>27,377</u>	<u>-</u>	<u>27,377</u>	<u>48,418</u>
Fund balance, December 31	<u>\$ 12,223</u>	<u>-</u>	<u>12,223</u>	<u>27,377</u>

See accompanying notes to financial statements.

Tamarind Gulf and Bay Condominium Association, Inc.

Statement of Cash Flows
Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total	2019 Total (For Comparative Purposes Only)
Cash flows from operating activities:				
Maintenance assessments collected	\$ 924,150	346,000	1,270,150	1,266,154
Interest received	13	127	140	1,633
Other income received	17,900	-	17,900	19,250
Operating expenses paid	<u>(889,962)</u>	<u>(482,352)</u>	<u>(1,372,314)</u>	<u>(1,443,833)</u>
Cash flows from operating activities	<u>52,101</u>	<u>(136,225)</u>	<u>(84,124)</u>	<u>(156,796)</u>
 Cash flows from investing activities:				
Reinvestment of interest earned	-	(127)	(127)	(1,415)
Redemption (purchase) of certificates of deposit	-	201,110	201,110	87,291
Cash flows from investing activities	<u>-</u>	<u>200,983</u>	<u>200,983</u>	<u>85,876</u>
 Increase (Decrease) in cash and cash equivalents	52,101	64,758	116,859	(70,920)
 Cash and cash equivalents, January 1	<u>111,139</u>	<u>21,422</u>	<u>132,561</u>	<u>203,481</u>
 Cash and cash equivalents, December 31	<u>\$ 163,240</u>	<u>86,180</u>	<u>249,420</u>	<u>132,561</u>
 Reconciliation of deficiency of revenues over expenses to cash flows from operating activities:				
Deficiency of revenues over expenses	\$ (15,154)	-	(15,154)	(21,041)
Unrealized (gain) loss on investment	-	-	-	(13,191)
Adjustments:				
(Increase) decrease in:				
Assessments receivable	(3,300)	-	(3,300)	(4,600)
Due (to) from other fund	84,898	(84,898)	-	-
Prepaid expenses	(2,532)	-	(2,532)	2,772
Increase (decrease) in:				
Accounts payable	22,424	-	22,424	(3,480)
Prepaid assessments	(31,550)	-	(31,550)	52,754
Payroll taxes payable	(2,685)	-	(2,685)	(52)
Contract liability	-	(51,327)	(51,327)	(169,958)
Total adjustments	<u>67,255</u>	<u>(136,225)</u>	<u>(68,970)</u>	<u>(122,564)</u>
Net cash flows from operating activities	<u>\$ 52,101</u>	<u>(136,225)</u>	<u>(84,124)</u>	<u>(156,796)</u>

See accompanying notes to financial statements.

Tamarind Gulf and Bay Condominium Association, Inc.

Notes to Financial Statements

December 31, 2020

Note 1 – Organization and Summary of Significant Accounting Policies:

Organization

Tamarind Gulf and Bay Condominium Association, Inc. (the "Association") was incorporated under the Laws of the State of Florida as a not-for-profit corporation for the purpose of administering and operating the property located at 2955 North Beach Road in Englewood, Florida. The members of the Association consist of 145 condominium unit owners.

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, and prepares its financial statements on the accrual basis of 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 day to day operations of the Association.

Replacement Fund

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

Regular Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

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 is 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 from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent.

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.

Common Property

The Association's policy is to not capitalize the commonly owned real property as ownership is vested directly or indirectly in the unit owners and these assets are not deemed to be severable.

Tamarind Gulf and Bay Condominium Association, Inc.

Notes to Financial Statements – Continued

December 31, 2020

Note 1 – Organization and Summary of Significant Accounting Policies – Continued:

Contract Liabilities (Assessments received in advance-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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, nonmembership transactions, and capital transactions.

For Federal tax purposes, the Association is taxed on all net income from nonmembership activities reduced only by losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses, and any net membership losses may only be carried forward to offset membership income of future tax periods. Any net membership income not applied to the subsequent tax year is subject to taxation. There was no income tax expense for 2020.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Association had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2020. The Association's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Common Expenses

The common expenses are borne equally by the 145 condominium unit owners and the unit owners share equally in the common surplus, such equal share being a 1/145 share.

Note 2 – Uninsured Cash Balances:

The Association maintains its cash balances at several financial institutions. Accounts at each institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020, there were no balances in excess of FDIC limits.

Tamarind Gulf and Bay Condominium Association, Inc.

Notes to Financial Statements – Continued

December 31, 2020

Note 3 – Future Major Repairs and Replacements:

The Association's bylaws and Florida Statutes require that the Association prepare its annual budget with calculations of estimates of future costs for the repair and/or replacement of certain common property. These calculations provide the basis for the establishment and ratable funding of reserves over a period of time. The budget must include amounts representing full funding of reserves, however, the membership may vote to reduce or eliminate the funding of these amounts as called for in the budget. This vote must be at a duly called meeting before the budget is in place and is valid for one year only.

The Board of Directors annually reviews the major components of common property. As part of the review, a study was conducted in 2013 to estimate the remaining useful lives and the estimated current replacement costs of each of the components of the Replacement Fund. The estimates were obtained from Dreux Isaac & Associates, Inc., who inspected the property. Funding requirements for 2020 were based on this study. In 2020 the Association had an updated reserve study performed for use in the preparation of the 2021 budget. The table included in the unaudited supplementary information on future major repairs and replacements is based on this study.

The Board is funding for future major repairs and replacements over the remaining estimated useful lives of the components based on estimates of current replacement costs. Amounts previously accumulated are considered in determining the annual funding requirement. The calculated funding requirement for 2020 from the 2013 study is \$214,606 on the pooling method. The Board approved a budget amount of \$346,000 to fund the replacement fund for the year 2020. The calculated funding requirement for 2021 from the 2020 study is \$787,986 on the pooling method. The Board approved a budget amount of \$718,707 to fund the replacement fund for the year 2020.

Actual expenditures may vary from the estimated replacement costs. These variances could be material. Consequently, the amounts accumulated in this fund may not be adequate to fund the major repair or replacement. If additional funds are needed, the Association may increase regular assessments, pass a special assessment or delay the repair or replacement.

Note 4 – Insurance Contingency:

The Association's current windstorm insurance policy contains a deductible clause of 5% for hurricane and \$25,000 per occurrence for other wind events with minimums per building. Based on the \$32,748,233 insured valuation of the buildings, the first \$1,637,412 would be the responsibility of the Association in the event of a hurricane.

Note 5 – Subsequent Events:

Subsequent events have been evaluated through May 17, 2021, which is the date the financial statements were available to be issued.

Tamarind Gulf and Bay Condominium Association, Inc.

Schedule of Replacement Fund Activity
Year Ended December 31, 2020

Beginning pooled balance	\$ 226,694
Pooling assessment	346,000
Interest	127
Expenses:	
Roofs and carport	(149,373)
Painting and waterproofing	(245,429)
Swimming pool	(985)
Water/sewer	<u>(1,667)</u>
Total expenses	<u>(397,454)</u>
Ending pooled balance	<u>\$ 175,367</u>

Tamarind Gulf and Bay Condominium Association, Inc.

Supplementary Information on Future Major Repairs and Replacements

December 31, 2020

(Unaudited)

The Board of Directors engaged Dreux Isaac & Associates, Inc., licensed architect and engineer, to conduct a study to estimate the remaining useful lives and the estimated current replacement costs of the components of common property.

The following table is based on that study performed during 2020 and presents significant information about the components of common property.

The pooling method considers the total beginning year reserve balance in year one along with the projected annual reserve expenditures over a thirty year period, and through pooling of all of the reserve funds and creating one general reserve fund, arrives at an annual contribution amount so as to provide a positive cash flow and adequate reserve account balance over the next thirty years.

	<u>Remaining Estimated Useful Life</u>	<u>Estimated Replacement Costs</u>
Roofs and carport	1 - 29	\$ 2,249,984
Painting and waterproofing	1 - 3	473,872
Paving	1 - 18	386,879
Swimming pool	1 - 19	87,969
Buildings and elevators	1 - 30	2,453,590
Water/Sewer	1	12,000
Docks/Seawall/Beachwalks	8 - 28	<u>717,300</u>
		<u><u>\$ 6,381,594</u></u>