

**WATERSIDE VILLAGE OF PALM BEACH
CONDOMINIUM ASSOCIATION, INC.**

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
Held on January 26, 2019 at 1:30 pm at the Clubhouse**

PRESENT:

Andre Mongrain, President
Normand Cadieux, Vice President
Jacques Lacoursiere, Treasurer
Claude Comtois, Secretary
Marian Petrescu, Director
Celine Poissant, Director
Michael Shane, Director
Stacey Casey, Manager

1. Quorum

A quorum was present, as seven directors attended the meeting

2. Approval of the agenda

The president indicated that the agenda should be amended to include the following item as 3.1 List of contracts awarded after October 30, 2018.

The approval of the agenda as amended was moved by Jacques Lacoursiere, seconded by Michael Shane and unanimously approved.

3. Approval of the Minutes of the Budget Meeting held on October 30, 2018

The approval of the Minutes of the meeting of the Board of Directors held on October 30, 2018 was moved by Michael Shane, seconded by Celine Poissant and unanimously approved

4. Approval of the contracts awarded since October 30, 2018

President Andre Mongrain provided information on all contracts awarded after October 30, 2018. The President also mentioned that each contract is awarded after having been approved by all Directors individually.

The formal approval was moved by Jacques Lacoursiere, seconded by Michael Shane and unanimously approved

The list of contracts awarded since October 30, 2018 is appended to the minutes and forms a part of the Minutes as Appendix 1

5. Review of the audited financial statement for the year 2017- 2018

President Andre Mongrain made a detailed review of the financial statement. These comments are appended to the Minutes and form part of the Minutes as Appendix 2.

The audited financial statement for the year 2017-2018 is appended to the Minutes and form part of the Minutes as Appendix 3

6. Appointment of the auditor for the fiscal year 2018 - 2019

President Andre Mongrain recommended to renew the mandate to Marc Labossiere, CPA

The appointment of Marc Labossiere as auditor for the fiscal year 2018-2019 was moved by Celine Poissant, seconded by Jacques Lacoursiere, and unanimously approved

7. Adjournment

The adjournment of the meeting was moved by Michael Shane, seconded by Celine Poissant, and unanimously approved. The meeting was adjourned at 1:25 pm



Claude Comtois,
Secretary
January 28, 2019

APPENDIX 1

CONTRACTS APPROVED SINCE BOARD MEETING OF 10/30/2018 (PRESENTED AT MEETING OF 1/26/19)

| | | |
|----------------------------|-----------------------------------------------------------------------------------------------------|-------------|
| Capitol Lighting | 8 lampposts | \$11,040.76 |
| The Bench Factory | 2 8' Benches | \$1,986.78 |
| | 2 6' Benches | \$1,645.28 |
| Southern Palms Landscaping | Cleanup and trim Quadrille's side of hedge | \$3,840.00 |
| Gonzalez Lawn Service | Installation of trees and removal and Installation of hedge on NW corner of property | \$17,009.00 |
| Gonzalez Lawn Service | Removal and installation of hedge along Miner Rd NE corner of exit road to NE Corner of property | \$23,168.00 |
| Tropical Awning | Replacement of damaged awning | \$900.00 |
| Cutting Edge Metal | New fence for NW corner perimeter | \$4,375.00 |

APPENDIX 2

Financial comments at the January 26 Board meeting

The President tabled the Audited Financial statement for fiscal year ending on October 31, 2018. The audited results are exactly in accordance with the internal statement produced on a monthly basis by the Association. For many years in a row the Auditor opinion state:

“In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2017 and October 31, 2018, 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.”

The year ended with a small surplus of \$253.00 after deduction of a non-cash charge for depreciation of \$2,668.00. In five years from now, Waterside will be left with no capital asset in its accounting record beside the value of the park land and the land on Miner Road north.

The Association performs a yearly evaluation of its reserve's requirement, it was noted that in accordance with Florida Statute the reserves have a designated application, like roofs, pools and others and it cannot be used for other purpose then the intended use. A Working Capital reserve was set-up many years ago for the purpose of funding the insurance when payment is due on May 1, as long as it is refunded during same fiscal year, this reserve can also be use for other purpose following a specific vote by the owners. It was used for the proposed new club house and by the end of the current fiscal year the portion of the Working Capital reserve used for that project would have been completely refunded.

A portion of the monthly fee collected is transferred to the reserve bank account on a monthly basis and the sum of the reserve bank accounts and of the term deposits is equivalent to the sum of the various reserves.

APPENDIX 3

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

FINANCIAL STATEMENTS

OCTOBER 31, 2017 & 2018

MARC LABOSSIERE PA
CERTIFIED PUBLIC ACCOUNTANT

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.

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OCTOBER 31, 2017 & 2018

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MARC LABOSSIÈRE, P.A.
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WILTON MANORS, FLORIDA 33311
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Waterside Village of Palm Beach Condominium Association, Inc.

I have audited the accompanying financial statements of Waterside Village of Palm Beach Condominium Association, Inc., which comprise the balance sheets as of October 31, 2017 and October 31, 2018, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audits. I have conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waterside Village of Palm Beach Condominium Association, Inc. as of October 31, 2017 and October 31, 2018, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a statement on Future major repairs and replacements on pages 14 & 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is

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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. I 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 I obtained during our audit of the basic financial statements. I 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.

Marc Labossiere PA

Fort Lauderdale, Florida

December 20, 2018

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
As of October 31, 2017, & 2018

| ASSETS | 10/2017 | | | 10/2018 | | |
|-------------------------------------------------------------------------|--------------------------|--------------------------|----------------------------|--------------------------|----------------------------|----------------------------|
| | <u>OPERATING FUND</u> | <u>RESTRICTED FUND</u> | <u>TOTAL</u> | <u>OPERATING FUND</u> | <u>RESTRICTED FUND</u> | <u>TOTAL</u> |
| Cash in Banks | \$ 62,983 | \$ 73,905 | \$ 136,888 | \$ 60,663 | \$ 50,176 | \$ 110,839 |
| Certificate of Deposit | -0- | 590,000 | 590,000 | -0- | 790,000 | 790,000 |
| Annuities | -0- | 204,500 | 204,500 | -0- | 200,007 | 200,007 |
| Due to/From Fund | 2,710 | (2,710) | -0- | -0- | | -0- |
| Regular Assessments Receivable | 36,283 | | 36,283 | 23,872 | | 23,872 |
| Less: Provision for Bad Debts | (36,492) | | (36,492) | (20,752) | | (20,752) |
| Special Assessments Receivable | 61,650 | | 61,650 | 525 | | 525 |
| Prepaid Expenses | 145,364 | | 145,364 | 141,800 | | 141,800 |
| Deposits | 2,235 | | 2,235 | 2,235 | | 2,235 |
| Property and equipment -- net of accumulated depreciation of \$ 273,649 | <u>233,734</u> | <u>.....</u> | <u>233,734</u> | <u>231,066</u> | <u>.....</u> | <u>231,066</u> |
| TOTAL ASSETS | <u>\$ 508,467</u> | <u>\$ 865,695</u> | <u>\$ 1,374,162</u> | <u>\$ 439,409</u> | <u>\$ 1,040,183</u> | <u>\$ 1,479,592</u> |
| LIABILITIES & FUND BALANCES | | | | | | |
| Accounts Payable & Accrued Liabilities | 132,539 | | 132,539 | 69,744 | | 69,744 |
| Prepaid Maintenance Assessments | <u>41,278</u> | | <u>41,278</u> | <u>33,014</u> | <u>.....</u> | <u>33,014</u> |
| Total Liabilities | 173,817 | -0- | 173,817 | 102,758 | -0- | 102,758 |
| FUND BALANCES | <u>334,650</u> | <u>865,695</u> | <u>1,200,345</u> | <u>336,651</u> | <u>1,040,183</u> | <u>1,376,834</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 508,467</u> | <u>\$ 865,695</u> | <u>\$ 1,374,162</u> | <u>\$ 439,409</u> | <u>\$ 1,040,183</u> | <u>\$ 1,479,592</u> |

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

| REVENUE | 10/2017 | | | 10/2018 | | |
|-----------------------------------------------------|--------------------------|---------------------------|---------------------------|-------------------------|--------------------------|--------------------------|
| | OPERATING FUND | RESTRICTED FUND | TOTAL | OPERATING FUND | RESTRICTED FUND | TOTAL |
| Maintenance Assessments | \$ 1,446,080 | \$ 108,804 | \$ 1,554,884 | \$ 1,414,525 | \$ 163,749 | \$ 1,578,274 |
| Irma Special Assessment | 61,650 | | 61,650 | -0- | -0- | -0- |
| Screening Fees | 26,600 | | 26,600 | 27,400 | | 27,400 |
| Interest Income | 62 | 13,955 | 14,017 | 2,176 | 10,739 | 12,915 |
| Late Fees | 1,650 | | 1,650 | 2,925 | | 2,925 |
| Other Revenues | <u>6,820</u> | <u>.....</u> | <u>6,820</u> | <u>7,080</u> | <u>.....</u> | <u>7,080</u> |
| TOTAL REVENUES | <u>1,542,862</u> | <u>122,759</u> | <u>1,665,621</u> | <u>1,454,106</u> | <u>174,488</u> | <u>1,628,594</u> |
| EXPENSES | | | | | | |
| Salaries and Benefits | 216,643 | | 216,643 | 205,731 | | 205,731 |
| Water & Sewer | 243,692 | | 243,692 | 241,348 | | 241,348 |
| Insurance | 293,520 | | 293,520 | 289,565 | | 289,565 |
| Cable Television | 76,248 | | 76,248 | 67,547 | | 67,547 |
| Repairs, Maintenance and Supplies | 72,938 | | 72,938 | 98,626 | | 98,626 |
| Electric and Gas Utilities | 47,470 | | 47,470 | 45,952 | | 45,952 |
| Depreciation Expenses | 2,668 | | 2,668 | 2,668 | | 2,668 |
| Trash Collection | 44,989 | | 44,989 | 46,924 | | 46,924 |
| Grounds Maintenance, Landscaping and Supplies | 188,115 | | 188,115 | 215,740 | | 215,740 |
| Professional Fees | 30,261 | | 30,261 | 32,058 | | 32,058 |
| Pest Control | 13,261 | | 13,261 | 16,288 | | 16,288 |
| Office Expenses and Supplies | 19,527 | | 19,527 | 20,061 | | 20,061 |
| Pool Maintenance and Supplies | 23,936 | | 23,936 | 23,676 | | 23,676 |
| Telephone & WIFI | 10,224 | | 10,224 | 9,954 | | 9,954 |
| Licenses, Taxes and Fees | 6,368 | | 6,368 | 6,483 | | 6,483 |
| Travel | 1,436 | | 1,436 | 890 | | 890 |
| Alarm System | 395 | | 395 | 320 | | 320 |
| Interest and Bank Charges | 850 | | 850 | 1,017 | | 1,017 |
| Security | 53,658 | | 53,658 | 54,006 | | 54,006 |
| Social Facilities | 9,752 | | 9,752 | 7,542 | | 7,542 |
| Uniforms | 378 | | 378 | 385 | | 385 |
| Screening Fees | 9,396 | | 9,396 | 8,556 | | 8,556 |
| Painting Program | 38,492 | | 38,492 | -0- | | -0- |
| Bad Debts (Recovery) | 7,359 | | 7,359 | (15,740) | | (15,740) |
| Cameras & Video Equipment | 908 | | 908 | 706 | | 706 |
| Contingency | 7,416 | | 7,416 | 20,104 | | 20,104 |
| Collection Costs (Recovery) | 7,660 | | 7,660 | (763) | | (763) |
| Street Lights | (691) | | (691) | 17,777 | | 17,777 |
| Pool Chairs & Tables | 873 | | 873 | 3,663 | | 3,663 |
| Streets | 3,811 | 50,150 | 53,961 | -0- | | -0- |
| Awnings | 8,400 | | 8,400 | 2,388 | | 2,388 |
| Capital | -0- | 101,304 | 101,304 | -0- | | -0- |
| Irma Expenses | 9,956 | | 9,956 | -0- | | -0- |
| Irma Special Assessment Expenses | 61,650 | | 61,650 | 1,964 | | 1,964 |
| Tennis Courts | -0- | | -0- | 13,850 | | 13,850 |
| Sprinklers | 32,984 | -0- | 32,984 | 14,567 | -0- | 14,567 |
| TOTAL EXPENSES | <u>1,544,543</u> | <u>151,454</u> | <u>1,695,997</u> | <u>1,453,853</u> | <u>-0-</u> | <u>1,453,853</u> |
| EXCESS(DEFICIENCY) OF REVENUES OVER EXPENSES | <u>\$ (1,681)</u> | <u>\$ (28,695)</u> | <u>\$ (30,376)</u> | <u>\$ 253</u> | <u>\$ 174,488</u> | <u>\$ 174,741</u> |

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF CHANGES IN FUND BALANCES
 FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

10/2017

| | <u>OPERATING</u> <u>FUND</u> | <u>REPLACEMENT</u> <u>FUND</u> | <u>TOTAL</u> |
|--------------------------------------------------------------|---------------------------------|-----------------------------------|---------------------|
| FUND BALANCE BEGINNING | \$ 336,331 | \$ 894,390 | \$ 1,230,721 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>(1,681)</u> | <u>(28,695)</u> | <u>(30,376)</u> |
| FUND BALANCE ENDING | <u>\$ 334,650</u> | <u>\$ 865,695</u> | <u>\$ 1,200,345</u> |

10/2018

| | <u>OPERATING</u> <u>FUND</u> | <u>REPLACEMENT</u> <u>FUND</u> | <u>TOTAL</u> |
|--------------------------------------------------------------|---------------------------------|-----------------------------------|---------------------|
| FUND BALANCE BEGINNING | \$ 334,650 | \$ 865,695 | \$ 1,200,345 |
| Prior Period Adjustment | 1,748 | | 1,748 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | <u>253</u> | <u>174,488</u> | <u>174,741</u> |
| FUND BALANCE ENDING | <u>\$ 336,651</u> | <u>\$ 1,040,183</u> | <u>\$ 1,376,834</u> |

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 STATEMENT OF CASH FLOWS
 FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

| | 10/2017 | | | 10/2018 | | |
|---------------------------------------------------------|-----------------------|------------------------|-------------------|-----------------------|------------------------|-------------------|
| | <u>OPERATING FUND</u> | <u>RESTRICTED FUND</u> | <u>TOTAL</u> | <u>OPERATING FUND</u> | <u>RESTRICTED FUND</u> | <u>TOTAL</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| SOURCES OF CASH: | | | | | | |
| Maintenance Assessments | \$ 1,450,802 | \$ 120,318 | \$ 1,571,120 | \$ 1,418,672 | \$ 161,039 | \$ 1,579,711 |
| Irma Assessment | -0- | -0- | -0- | 61,125 | | 61,125 |
| Screening Fees | 26,600 | | 26,600 | 27,400 | | 27,400 |
| Interest Income | 62 | 13,955 | 17,075 | 2,176 | 10,739 | 12,915 |
| Late Fees | 1,650 | | 3,140 | 2,925 | | 2,925 |
| Other Income | <u>6,820</u> | <u>.....</u> | <u>5,922</u> | <u>7,080</u> | <u>.....</u> | <u>7,080</u> |
| TOTAL SOURCES OF CASH | <u>1,485,934</u> | <u>134,273</u> | <u>1,620,207</u> | <u>1,519,378</u> | <u>171,778</u> | <u>1,691,156</u> |
| USES OF CASH: | | | | | | |
| Expenses Paid | <u>1,502,943</u> | <u>151,454</u> | <u>1,654,397</u> | <u>1,521,698</u> | <u>-0-</u> | <u>1,521,698</u> |
| TOTAL USES OF CASH | <u>1,502,943</u> | <u>151,454</u> | <u>1,654,397</u> | <u>1,521,698</u> | <u>-0-</u> | <u>1,521,698</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>(17,009)</u> | <u>(17,181)</u> | <u>(34,190)</u> | <u>(2,320)</u> | <u>171,778</u> | <u>169,458</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | |
| NET CASH FROM FINANCING ACTIVITIES | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| (Increase) Decrease in certificate of deposit/Annuities | <u>-0-</u> | <u>65,500</u> | <u>65,500</u> | <u>-0-</u> | <u>(195,507)</u> | <u>(195,507)</u> |
| NET CASH FROM INVESTING ACTIVITIES | <u>-0-</u> | <u>65,500</u> | <u>65,500</u> | <u>-0-</u> | <u>(195,507)</u> | <u>(195,507)</u> |
| NET INCREASE (DECREASE) IN CASH | <u>(17,009)</u> | <u>48,319</u> | <u>31,310</u> | <u>(2,320)</u> | <u>(23,729)</u> | <u>(26,049)</u> |
| CASH BEGINNING BALANCE | <u>79,992</u> | <u>25,586</u> | <u>105,578</u> | <u>62,983</u> | <u>73,905</u> | <u>136,888</u> |
| CASH ENDING BALANCE | <u>\$ 62,983</u> | <u>\$ 73,905</u> | <u>\$ 136,888</u> | <u>\$ 60,663</u> | <u>\$ 50,176</u> | <u>\$ 110,839</u> |

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

| | 10/2017 | | | 10/2018 | | |
|------------------------------------------------------------------------------------------|---------------------------|----------------------------|--------------------|---------------------------|----------------------------|-------------------|
| | <u>OPERATING FUND</u> | <u>RESTRICTED FUND</u> | <u>TOTAL</u> | <u>OPERATING FUND</u> | <u>RESTRICTED FUND</u> | <u>TOTAL</u> |
| RECONCILIATION OF EXCESS REVENUE TO CASH FROM OPERATING ACTIVITIES: | | | | | | |
| Excess (Deficiency) of Revenues over expenses | \$ (1,681) | \$ (28,695) | \$ (30,376) | \$ 253 | \$ 174,488 | \$ 174,741 |
| Adjustments to Reconcile Excess of Revenue to Net Cash Provided by Operating Activities: | | | | | | |
| Depreciation expenses | 2,668 | | 2,668 | 2,668 | | 2,668 |
| (Increase) Decrease in Maintenance Assessments receivable | 5,790 | | 5,790 | 12,411 | | 12,411 |
| (Increase) Decrease In Special Assessment Receivable | (61,650) | | (61,650) | 61,125 | | 61,125 |
| Increase (Decrease) In Provision for Bad Debts | 2,068 | | 2,068 | (15,740) | | (15,740) |
| Due to/from Fund | (11,514) | 11,514 | -0- | 2,710 | (2,710) | -0- |
| Prior Period Adjustment | -0- | | -0- | 1,748 | | 1,748 |
| Decrease (increase) in prepaid expenses | (604) | | (604) | 3,564 | | 3,564 |
| Increase (decrease) in accounts payable | 48,982 | | 48,982 | (62,795) | | (62,795) |
| (Decrease) increase in prepaid maintenance assessments | <u>(1,068)</u> | | <u>(1,068)</u> | <u>(8,264)</u> | | <u>(8,264)</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ (17,009)</u> | <u>\$ (17,181)</u> | <u>\$ (34,190)</u> | <u>\$ (2,320)</u> | <u>\$ 171,778</u> | <u>\$ 169,458</u> |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | |
|----------------------------|---------------|
| Cash Paid for Income Taxes | <u>\$ -0-</u> |
| Cash Paid for Interest | <u>\$ -0-</u> |

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Waterside Village of Palm Beach Condominium Association, Inc. (the Association) was incorporated in the State of Florida as a not-for-profit corporation on September 16, 1988. It is located in the town of Hypoluxo. The Association was formed to maintain and protect the common areas owned by the individual unit owners in common and consists of 412 units. One unit is used as the Association Office.

Basis of Presentation

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

The Association's financial statements use the fund method for presentation purposes. This method separates the assets, liabilities, and revenues and expenses of the operating and restricted funds (reserves). Disbursements from the operating fund are generally at the discretion of the Board of Directors whereas restricted funds may only be used for their designated purpose.

This financial statement is prepared in accordance with Florida Statute Section 718.301 (4) (c).

Cash Equivalents

For purposes of the statement of cash flows, the association considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Property and Equipment

Real property and common areas 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 individual unit owners in common and not by the Association. The Association capitalizes personal property to which it has title. Furniture and equipment are recorded at cost. Depreciation is computed principally on the accelerated cost recovery system method over the estimated remaining useful lives of the assets which range from five to thirty-one and one-half years.

WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

2. MAINTENANCE ASSESSMENTS

The Association's declaration provides that each owner is chargeable for their 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. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

3. CERTIFICATES OF DEPOSITS

At October 31, 2018, the Association's certificates of deposit consist of the following:

| <u>Description</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|--------------------|----------------------|----------------------|-------------------|
| UBS BK USA | 3.1% | 10/18/21 | \$ 100,000 |
| Iberia Bank | Varies | 02/28/22 | 100,000 |
| Iberia Bank | Varies | 05/30/22 | 50,000 |
| Bank of the West | Varies | 11/26/21 | 160,000 |
| Ally Bank | 3.1% | 10/18/21 | 100,000 |
| Synchrony Bank | 2.713% | 01/11/20 | 180,000 |
| Barclays Bank | Varies | 10/28/20 | <u>100,000</u> |
| Total | | | <u>\$ 790,000</u> |

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WATERSIDE VILLAGE OF PALM BEACH CONDOMINIUM ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED OCTOBER 31, 2017 & 2018

4. ANNUITIES

As of October 31, 2018, the Association Annuities consist of the following:

| <u>Description</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|----------------------------------|----------------------|----------------------|-------------------|
| Security Benefit Annuity Reserve | 2.25% | 10/17/21 | \$ 100,000 |
| Security Benefit Annuity Reserve | 2.25% | 10/18/21 | <u>100,007</u> |
| Total | | | <u>\$ 200,007</u> |

5. DEPOSITS

As of October 31, 2018, the Association's deposits consist of amounts on deposit with utility companies to obtain electric service.

6. PROPERTY AND EQUIPMENT

As of October 31, 2018, Property and Equipment consists of the following:

| | |
|--------------------------------|-------------------|
| Condominium unit | \$ 71,101 |
| Maintenance Building | 6,701 |
| Equipment | 10,641 |
| Miner Road land | 96,916 |
| Land | 125,059 |
| Satellite TV System | <u>194,297</u> |
| | 504,715 |
| Less: Accumulated Depreciation | <u>273,649</u> |
| Property and Equipment – Net | <u>\$ 231,066</u> |

Included in Equipment above is \$ 18,000 of personal property which was transferred to the Association by the developer on the date of turnover. Such property was recorded based on values provided by the developer.

The Association has decided not to capitalize any purchases of Property & Equipment but rather to expense them in the year they occur, with the exception of Land Purchase.

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7. RESTRICTED FUNDS - RESERVES

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 purposes unless modified by a qualified unit owner vote.

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

The balance at October 31, 2018, consists of the following:

| | <u>BEGINNING FUND BALANCE 10/31/17</u> | <u>ADDITIONS</u> | <u>AMOUNTS DISBURSED</u> | <u>ENDING FUND BALANCE 10/31/18</u> |
|--------------------|----------------------------------------------------|-------------------|------------------------------|-------------------------------------------------|
| Roofs | \$ 363,921 | \$ 39,303 | \$ -0- | \$ 403,224 |
| Painting | 11,952 | 174 | -0- | 12,126 |
| Streets | 174,102 | 31,955 | -0- | 206,057 |
| Pools and Spa | 64,975 | 5,447 | -0- | 70,422 |
| Awnings | 77,555 | 1,131 | -0- | 78,686 |
| Sprinklers | 52,315 | 3,262 | -0- | 55,577 |
| TV Cable | | | | |
| Infrastructure | 77,066 | 13,623 | -0- | 90,689 |
| Interest | 13,955 | 10,739 | 13,955 | 10,739 |
| Working Capital | <u>29,854</u> | <u>82,809</u> | <u>-0-</u> | <u>112,663</u> |
| | <u>\$ 865,695</u> | <u>\$ 188,443</u> | <u>\$ 13,955</u> | <u>\$ 1,040,183</u> |

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8. INCOME TAXES

The Association is treated as a tax-exempt organization under section 528 of the Internal Revenue Code with respect to its operating business income. It is taxed at the usual corporate income tax rates on its non-business income such as interest earned. At report date, the Association's federal income tax returns for 2016, 2017, and 2018 remain open to examination by the Internal Revenue Service. The Association has zero income tax due for the year ended October 31, 2018.

9. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

10. UNINSURED CASH BALANCES

The Association maintains its operating and replacement cash balances at Regions Bank, Iberia Financial Services, Bank of the west, Barclays Bank, Ally Bank, UBS Bank, Security Benefit Life insurance benefits and Synchrony Bank. Accounts located at commercial banks are secured by the Federal Deposit Insurance Corporation up to \$ 250,000. From time to time, the Association may have cash in financial institutions in excess of federally insured Limits. As of October 31, 2018, the Association did not have cash in excess of FDIC limits.

11. INSURANCE

The association maintains multiple insurance policies to remain compliant with the requirements set forth in the association's governing documents and chapter 718 F.S. Detailed information on any of these policies is available in the management office.

12. SPECIAL ASSESSMENT

The Board of directors voted for a special assessment to cover the expenses of the damages from hurricane Irma in October 2017. The assessment is for \$ 61,650. As of October 31, 2018, \$ 61,125 of the assessment has been collected from the unit owners. As of October 31, 2018, the full \$ 61,650 has been spent.

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13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

READ INDEPENDENT AUDITOR'S REPORT

SUPPLEMENTARY INFORMATION

SUPPLEMENTAL SCHEDULE

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS

OCTOBER 31, 2018

(Compiled)

The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates that were provided by the management. 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 association does not currently have enough funds in its reserve accounts to cover reserve components based on the schedule therefore the association might be required to have a special assessment or assessments to cover these components.

The following presents significant information about the components of common property:

| <u>COMPONENTS</u> | <u>ESTIMATED REMAINING USEFUL LIVES</u> | <u>ESTIMATED REPLACEMENT COSTS</u> | <u>APPROXIMATE ANNUAL FUNDING REQUIREMENT</u> |
|-------------------|-----------------------------------------------------|--------------------------------------------|-----------------------------------------------------------|
| Roofs | 16 Years | \$ 1,075,000 | \$ 41,500 |
| Painting | 1-6 Years | 12,000 | -0- |
| Streets | 9 | 575,000 | 34,500 |
| Pools and Spas | 2-4 Years | 85,000 | 4,500 |
| Cable TV | 4 | 100,000 | -0- |
| Infrastructure | | | |
| Awnings | 2 Years | 80,000 | -0- |
| Working Capital | NA | | -0- |
| Sprinklers | 1 Years | <u>60,000</u> | <u>5,000</u> |
| | | <u>\$ 1,987,000</u> | <u>\$ 85,500</u> |

READ INDEPENDENT AUDITOR'S REPORT AND ACCOMPANYING NOTES