



George Duryea, CPA
Jack Edwards, CPA

Independent Auditors Report

To the Board of Directors Kings Cove Home Owners Association Inc.

We have audited the accompanying financial statements of Kings Cove Home Owners Association Inc., which comprise the balance sheet as of December 31, 2017, and related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and 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 Kings Cove Home Owners Association Inc. as of December 31, 2017, 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.

Duryea & Edwards CPAs

11/12/2018

Duryea & Edwards, CPAs
Lake Mary, FL

Kings Cove Homeowners Association Inc.
Statement of Revenues, Expenses and Changes in Fund Balances
For the year ended December 31, 2017

	Operating Fund	Replacement Fund	Total
Revenue			
Assessments	\$ 24,329.50	\$ -	\$ 24,329.50
Other	\$ -	\$ -	\$ -
			\$ -
Total Revenue	<u>\$ 24,329.50</u>	<u>\$ -</u>	<u>\$ 24,329.50</u>
Expenses			
General & Administrative			
Accounting Fees	\$ 950.00	\$ -	\$ 950.00
Legal Fees	\$ -	\$ -	\$ -
Postage	\$ 191.00	\$ -	\$ 191.00
Office Supplies & Printing	\$ 176.26	\$ -	\$ 176.26
Insurance	\$ 614.83	\$ -	\$ 614.83
Taxes & Fees	\$ 61.25	\$ -	\$ 61.25
Social Activities	\$ -	\$ -	\$ -
Misc. General & Administrative	\$ 435.10	\$ -	\$ 435.10
Total	<u>\$ 2,428.44</u>	<u>\$ -</u>	<u>\$ 2,428.44</u>
Utilities			
Electricity	\$ 4,012.32	\$ -	\$ 4,012.32
	<u>\$ 4,012.32</u>	<u>\$ -</u>	<u>\$ 4,012.32</u>
Maintenance			
Grounds Maintenance	\$ 1,067.75	\$ -	\$ 1,067.75
Irrigation Repair	\$ -	\$ -	\$ -
Fertilizer/Chemical	\$ -	\$ -	\$ -
Miscellaneous Maintenance	\$ -	\$ -	\$ -
Total	<u>\$ 1,067.75</u>	<u>\$ -</u>	<u>\$ 1,067.75</u>
Contracted Services			
Landscaping	\$ 11,911.00	\$ -	\$ 11,911.00
Pond Maintenance	\$ 1,630.00	\$ -	\$ 1,630.00
Total	<u>\$ 13,541.00</u>	<u>\$ -</u>	<u>\$ 13,541.00</u>
			\$ -
Total Expenses	\$ 21,049.51	\$ -	\$ 21,049.51

See accompanying notes to the financial statements and independent auditors' report

Kings Cove Homeowners Association Inc.
Statement of Revenues, Expenses and Changes in Fund Balances
For the year ended December 31, 2017
(Continued)

Revenue in Excess of Expenses	\$ 3,279.99	\$ -	\$ 3,279.99
			\$ -
Fund Balance - Beginning of year	<u>\$ 4,310.00</u>	<u>\$ 29,460.00</u>	<u>\$ 33,770.00</u>
			\$ -
Fund Balance - End of year	<u><u>\$ 7,589.99</u></u>	<u><u>\$ 29,460.00</u></u>	<u><u>\$ 37,049.99</u></u>

See accompanying notes to the financial statements and independent auditors' report

Kings Cove Homeowners Association Inc.
Balance Sheet for year ended December 31, 2017

	Operating Fund	Replacement Fund	Total
<u>Assets</u>			
Cash, including interest-bearing deposits	\$ 8,828.82	\$ 29,460.00	\$ 38,288.82
Assessments Receivable	\$ 250.00	\$ -	\$ 250.00
PPD Insurance	\$ 1,011.17	\$ -	\$ 1,011.17
Total Assets	\$ 10,089.99	\$ 29,460.00	\$ 39,549.99
<u>Liabilities</u>			
Accounts payable and accrued expenses	\$ -	\$ -	\$ -
Assessments received in advance	\$ 2,500.00	\$ -	\$ 2,500.00
Total Liabilities	\$ 2,500.00	\$ -	\$ 2,500.00
Fund Balance	\$ 7,589.99	\$ 29,460.00	\$ 37,049.99
Total Liabilities and Fund Balance	\$ 10,089.99	\$ 29,460.00	\$ 39,549.99

See accompanying notes to the financial statements and independent auditors' report

Kings Cove Homeowners Association Inc.
Statement of Cash Flows
For the year ended December 31, 2017

	Operating Fund	Replacement Fund	
Cash Flows from Operating Activities			
Revenue in excess of expenses	\$ 3,279.99	\$ -	
Adjustment to reconcile excess of revenue over expense to net cash provided by operating activities (increase) decrease in:			
Accounts receivable	\$ (250.00)	\$ -	
Prepaid Expenses	\$ (1,011.17)	\$ -	
Increase (decrease) in:			
Accounts payable and accrued expenses	\$ -	\$ -	
Assessments received in advance	\$ 2,500.00	\$ -	
Net cash provided (used by operations)	\$ 4,518.82	\$ -	
Cash at beginning of year	\$ 4,310.00	\$ 29,460.00	\$ 33,770.00
Cash at end of year	\$ 8,828.82	\$ 29,460.00	\$ 38,288.82

See accompanying notes to the financial statements and independent auditors' report

KINGS COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Kings Cove Homeowners Association, Inc. is incorporated in the State of FL as a not-for-profit corporation. Kings Cove Homeowners Association is responsible for the administration, operation, and maintenance of the common property areas within the community. The community is comprised of 95 single family residential homes located in Winter Park, FL.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenses.

The operating fund reflects the maintenance assessments paid by home owners to meet the regular, recurring costs of operations. Expenses from this fund are limited to those connected with daily operations.

The replacement fund is composed of capital assessments paid by home owners to fund future replacements and major repairs. Expenses from this fund are restricted to those items for which assessments were specifically collected.

Real and Common Area Property

Real and common area property owned by Kings Cove Homeowners Association are not recorded in the Association's financial statements. These properties were acquired in a nonmonetary transaction from the Developer. A fair value estimate of these properties cannot be reasonably determined.

Improvements made to said real property and common areas owned by the Association are not capitalized.

KINGS COVE HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

Kings Cove Homeowners Association is basing its funding for major repairs and replacements based on estimates for current replacement costs. Actual expenditure amounts may vary from estimated amounts, these variations may be material. For the year ended December 31, 2017, The Association did not accumulate any funds for future repairs and replacements of common areas. Amounts accumulated in the replacement fund may not be sufficient to meet future needs. In the event that additional funds are needed, Kings Cove Homeowners Association reserves the right to increase regular assessments, levy special assessments, or defer major repairs and/or replacements until the funds become available. The effect on future assessments cannot be determined at this time.

NOTE 3: MEMBER ASSESSMENTS

Members of Kings Cove Homeowners Association are subject to assessments to provide the needed 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 members. Prepaid members' assessments are classified as assessments received in advance. It is the policy of the Association to retain legal counsel and place liens on properties of members that are delinquent in their assessment payments. Assessments deemed to be uncollectable as of the report date are charged to bad debts. Excess assessments at year end are retained by the Association for use in future periods.

NOTE 4: INCOME TAXES

Common interest realty associations may elect to be taxed as regular corporations or as homeowner's associations, under Section 528 of the Internal Revenue Code. With either election the Association is generally taxed only on its non-membership income, such as bank interest, investment earning and other non-exempt function income.

Note 5: Prepaid Expenses

In fiscal year 2016 there was no entry to record prepaid expenses. On the initial 2017 compilation that was performed, the financial statements were presented in a manner consistent with prior years, however it was determined that it was necessary to record the prepaid insurance. The insurance policy year is different than the association's fiscal year so a portion of the premiums paid during the fiscal year 2017 represent expenses that are for fiscal year 2018. The proper entries were made and submitted with the financial statements by the associations management.

