

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.

FINANCIAL STATEMENTS

(AICPA FINANCIAL REPORTING FRAMEWORK

FOR SMALL- AND MEDIUM-SIZED ENTITIES)

MARCH, 31 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seapointe Village Master Association, Inc.
Wildwood Crest, New Jersey

We have audited the accompanying financial statements of Seapointe Village Master Association, Inc. (the "Association"), which comprise the statements of assets, liabilities and fund balances – AICPA *FRF for SMEs* as of March 31, 2020, and the related statements of revenues, expenses and changes in fund balances – AICPA *FRF for SMEs*, and cash flows – AICPA *FRF for SMEs* 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 the Financial Reporting Framework for Small- and Medium-Sized Entities issued by the American Institute of Certified Public Accountants, as described in Note 2; this includes determining that the basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of the Association as of March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the Financial Reporting Framework for Small- and Medium-Sized Entities, as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Financial Reporting Framework for Small- and Medium-Sized Entities issued by the American Institute of Certified Public Accountants, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Seapointe Village Master Association, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues, expenses and allocation to funds as compared to budget on pages 12 and 13 are presented for purposes of additional analysis, and are 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. That 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, that information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

The Financial Reporting Framework for Small- and Medium-Sized Entities issued by the American Institute of Certified Public Accountants requires that the information on future major repairs and replacements on pages 14 through 20 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.

St. Clair CPA's P.C.

Certified Public Accountants

Conshohocken, Pennsylvania
August 3, 2020

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES - AICPA FRF FOR SMES
 MARCH 31, 2020 AND 2019

	2020			2019	
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total	Total
ASSETS					
Cash and cash equivalents	\$ 129,811	\$ 47,218	\$ 1,038,396	\$ 1,215,425	\$ 1,743,738
Prepaid expenses	50,394	-	-	50,394	49,341
Property and equipment, net	1,351,357	-	-	1,351,357	1,361,394
Notes receivable, owner special assessment, net	-	-	145,728	145,728	-
Due from villages	20,214	-	-	20,214	42,612
Interfund balances	-	-	-	-	287,047
	<u>\$ 1,551,776</u>	<u>\$ 47,218</u>	<u>\$ 1,184,124</u>	<u>\$ 2,783,118</u>	<u>\$ 3,484,132</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable and accrued expenses	\$ 95,394	\$ -	\$ -	\$ 95,394	\$ 551,844
Notes payable, (net of deferred financing costs of \$-0- and \$7,500)	-	-	150,000	150,000	776,963
Payroll expenses and taxes payable	15,304	-	-	15,304	15,269
Interfund balances	-	-	-	-	287,047
TOTAL LIABILITIES	<u>110,698</u>	<u>-</u>	<u>150,000</u>	<u>260,698</u>	<u>1,631,123</u>
FUND BALANCES					
Board designated funds	-	47,218	1,034,124	1,081,342	507,148
Undesignated funds	1,441,078	-	-	1,441,078	1,345,861
TOTAL FUND BALANCES	<u>1,441,078</u>	<u>47,218</u>	<u>1,034,124</u>	<u>2,522,420</u>	<u>1,853,009</u>
	<u>\$ 1,551,776</u>	<u>\$ 47,218</u>	<u>\$ 1,184,124</u>	<u>\$ 2,783,118</u>	<u>\$ 3,484,132</u>

See accompanying notes.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCES - AICPA FRF FOR SMES
 YEARS ENDED MARCH 31, 2020 AND 2019

	2020			2019	
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total	Total
REVENUES					
Master fees from villages	\$ 2,015,164	\$ 32,000	\$ 265,992	\$ 2,313,156	\$ 2,225,741
Reimbursements from villages	207,864	-	-	207,864	218,175
Initial assessments	34,545	-	-	34,545	31,053
Special assessments	-	-	2,605,085	2,605,085	1,447,882
Interest income	-	1,373	15,807	17,180	4,091
Amenities usage fee	93,996	-	-	93,996	92,100
Parking charges	7,710	-	-	7,710	7,318
Owner service charges	17,390	-	450	17,840	13,425
Beach tags and recreation fees	7,955	-	-	7,955	9,250
Vending commissions	1,408	-	-	1,408	3,873
Lease fees - beach hut	31,000	-	-	31,000	31,000
Other income	45	-	-	45	-
TOTAL REVENUES	<u>2,417,077</u>	<u>33,373</u>	<u>2,887,334</u>	<u>5,337,784</u>	<u>4,083,908</u>
EXPENSES					
Administrative	378,911	-	15,232	394,143	406,739
Payroll and employee expenses	1,176,917	-	-	1,176,917	1,102,571
Utilities and insurance	433,890	-	-	433,890	460,280
Residential and maintenance services	435,830	34,808	-	470,638	392,895
Major repairs and replacements	75,319	-	2,117,466	2,192,785	1,941,276
TOTAL EXPENSES	<u>2,500,867</u>	<u>34,808</u>	<u>2,132,698</u>	<u>4,668,373</u>	<u>4,303,761</u>
REVENUES (UNDER) OVER EXPENSES	(83,790)	(1,435)	754,636	669,411	(219,853)
INTERFUND TRANSFER	179,007	(205,122)	26,115	-	-
FUND BALANCES, BEGINNING	<u>1,345,861</u>	<u>253,775</u>	<u>253,373</u>	<u>1,853,009</u>	<u>2,072,862</u>
FUND BALANCES, ENDING	<u>\$ 1,441,078</u>	<u>\$ 47,218</u>	<u>\$ 1,034,124</u>	<u>\$ 2,522,420</u>	<u>\$ 1,853,009</u>

See accompanying notes.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 STATEMENTS OF CASH FLOWS - AICPA FRF FOR SMES
 YEARS ENDED MARCH 31, 2020 AND 2019

	2020			2019	
	Operating Fund	Deferred Maintenance Fund	Replacement Fund	Total	Total
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Revenues (under) over expenses	\$ (83,790)	\$ (1,435)	\$ 754,636	\$ 669,411	\$ (219,853)
Adjustments to reconcile revenues (under) over expenses to net cash (used) provided by operating activities					
Depreciation expense	10,037	-	-	10,037	12,475
Amortization of debt finance costs	-	-	7,500	7,500	2,500
Assessments receivable allowance	5,027	-	15,232	20,259	-
(Increase) decrease in assets					
Notes receivable, owner special assessment	-	-	(160,960)	(160,960)	-
Due from/to villages	17,371	-	-	17,371	(40,375)
Prepaid expenses	(1,053)	-	-	(1,053)	(3,177)
Increase (decrease) in liabilities					
Accounts payable and accrued expenses	43,755	-	(500,205)	(456,450)	506,513
Payroll taxes and payroll expenses payable	35	-	-	35	4,601
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(8,618)	(1,435)	116,203	106,150	262,684
CASH FLOWS FROM					
FINANCING ACTIVITIES					
Net payments for note payable	-	-	(634,463)	(634,463)	784,463
Payment of deferred financing costs	-	-	-	-	(10,000)
Interfund (repayments) borrowings, net	(108,040)	(98,110)	206,150	-	-
NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES	(108,040)	(98,110)	(428,313)	(634,463)	774,463
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(116,658)	(99,545)	(312,110)	(528,313)	1,037,147
CASH AND CASH EQUIVALENTS, BEGINNING	246,469	146,763	1,350,506	1,743,738	706,591
CASH AND CASH EQUIVALENTS, ENDING	\$ 129,811	\$ 47,218	\$ 1,038,396	\$ 1,215,425	\$ 1,743,738
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Interest paid	\$ -	\$ -	\$ 29,121	\$ 29,121	\$ 2,553

See accompanying notes.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS – AICPA FRF FOR SMES
MARCH 31, 2020 AND 2019

NOTE 1 NATURE OF ORGANIZATION

Seapointe Village Master Association, Inc. (the "Master Association") is a statutory condominium association incorporated in the State of New Jersey and located in the Diamond Beach section of Wildwood Crest, New Jersey. The purpose of the Master Association is to provide for the maintenance, management and operation of common property and recreational facilities. The Master Association consists of the unit owners of seven constituent villages ("Villages"): Seapointe Village I through V, Seapointe Village VII and Single Family Homes at Seapointe Village.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Financial Reporting Framework

The accompanying financial statements have been prepared using the basis of accounting developed by the American Institute of Certified Public Accountants (AICPA) for Small- and Medium-Sized Nonpublic Entities, for which the AICPA uses the trade name *FRF for SMEs*. The only difference between this basis of accounting, used by the Association, and principles generally accepted in the United States of America (GAAP) is that the Association did not adopt the accounting and disclosure guidance for revenue recognition issued by the Financial Accounting Standards Board (FASB) in ASU 2014-09, which was effective for the fiscal year beginning April 1, 2019. In previous years, the Association prepared its financial statements using GAAP, which did not yield materially different results from those using the AICPA *FRF for SMEs* because the basis for revenue recognition did not change. Consequently, the retrospective adoption of this framework had no impact on the 2019 financial statements.

Fund Accounting

The Master 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 Master Association maintains its accounts using fund accounting. Disbursements from the operating fund are generally at the discretion of the board of directors and property manager. Disbursements from the replacement fund generally may be made only for designated purposes. 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 Master Association.

Deferred Maintenance Fund

This fund is used to accumulate financial resources in order to perform maintenance services which occur less frequently than annually.

Replacement Fund

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

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS – AICPA FRF FOR SMES
MARCH 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Member Assessments and Revenue Recognition

The Villages are subject to monthly assessments to provide funds for the Master Association's operating expenses, maintenance services, future capital acquisitions and major repairs and replacements. The annual budget and assessments of the villages are determined by the board of directors and are approved by the owners. Any excess assessments at year end are retained by the Master Association for use in the succeeding year.

During the year ended March 31, 2020, estimated special assessments for an exterior replacement project were collected in the amount of \$2,605,085 and recorded as revenue since project expenditures were incurred. During the year ending March 31, 2021, any additional special assessments will be calculated, approved, and the remaining revenue and receivables recorded accordingly.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Master Association considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Assessments and Notes Receivable

The Association carries its assessments and notes receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Association evaluates its assessments and notes receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions.

Property and Equipment

In accordance with prevalent industry practice, the Master Association's policy is not to capitalize real property directly associated with individual units, or part of the fee simple ownership of the individual units. Also in accordance with prevalent industry practice, the Master Association's policy is to capitalize all equipment, personal property and real property not directly associated with the units to which it has title and to which it (1) has the right to sell and retain proceeds of, or (2) can use the property to generate significant cash flows on the basis of usage. Property and equipment that meet the preceding requirements are capitalized at cost and depreciated using the straight-line method over estimated useful lives. All other costs of repair and replacement are expensed as incurred or charged to the replacement fund if provided for therein.

As of March 31, 2020 and 2019, property not capitalized consists of sidewalks, roadways, parking areas and open areas. The Master Association received these common elements in a non-monetary transaction with the developers. Since the use and disposition of these properties are restricted or governed by the Master Association's legal documents, no amounts have been capitalized or reflected on the accompanying statements of assets, liabilities and fund balances – AICPA *FRF for SMEs*.

Estimates

The preparation of financial statements in conformity with the Financial Reporting Framework for Small- and Medium-Sized Entities issued by the American Institute of Certified Public Accountants requires the Master Association to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS – AICPA FRF FOR SMES
MARCH 31, 2020 AND 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Earned

The Master Association's policy is to allocate all interest earned on replacement and deferred maintenance cash accounts and investments to the corresponding replacement funds and deferred maintenance funds.

NOTE 3 INCOME TAXES

Under the Internal Revenue Code, the Master Association may be taxed as a Condominium Management Association at its election, or as a regular corporation. The Master Association may select either method in any year and will generally select the method that results in the lowest tax due. A method selected in one year affects only that year and the Master Association is free to select either method in future years. By filing as a regular corporation, an association is generally taxed at a lower rate than by filing as a Condominium Management Association.

For the years ended March 31, 2020 and 2019, the Master Association has elected to be taxed as a Condominium Management Association. For each of the years ended March 31, 2020 and 2019, there were no income taxes based on the comparison of non-membership income to non-membership expenses.

The Master Association is incorporated pursuant to Title 15 of the New Jersey Statutes and therefore is not liable for New Jersey corporation business income tax.

The Master Association follows the guidance for accounting for uncertainty in income taxes. The Master Association had no unrecognized tax benefits at March 31, 2020 and 2019. The Master Association's Federal income tax returns prior to fiscal year 2017 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Master Association recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the statements of assets, liabilities and fund balances – AICPA *FRF for SMEs*. There were no penalties and interest during the years ended March 31, 2020 and 2019.

NOTE 4 NOTE RECEIVABLE, OWNER SPECIAL ASSESSMENT

On October 15, 2019, the Association issued a special assessment to owners of the Villages to finance \$4,057,711 related a common area rehabilitation project that was approved and commenced during the fiscal year ended March 31, 2019. The principal outstanding was \$145,728 as of March 31, 2020 after an allowance for the special assessments for doubtful accounts of \$15,232 at March 31, 2020. Interest income received on the notes was \$10,035 for the year ended March 31, 2020.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS – AICPA FRF FOR SMES
MARCH 31, 2020 AND 2019

NOTE 5 NOTES PAYABLE

The Association entered into an agreement in December 2018 for a \$3,500,000 line of credit with a bank. In December 2019, the line of credit converted to a term loan. The principal balance then was \$359,463. Installments of principal and interest of \$6,755 are due monthly at a fixed rate of 4.7% per annum. The outstanding balance at March 31, 2020 and 2019 was \$150,000 and \$784,463 respectively. The term loan was scheduled to mature in February 2025. However, due to accelerated payments, the term loan is now scheduled to mature in March 2022. Interest incurred on the term loan totaled \$29,121 and \$2,553 for the years ended March 31, 2020 and 2019, respectively.

Borrowings are collateralized by the Association's future income, including any regular and special assessments and it must maintain a reserve account with the lender with a minimum average balance of at least \$200,000.

Future minimum payments of principal are as follows:

Years ending March 31.

2021	\$ 75,631
2022	<u>74,369</u>
	<u>\$ 150,000</u>

The Association incurred \$10,000 in loan fees associated with the line of credit which was fully amortized in December 2019 when the line of credit was converted to a term loan.

NOTE 6 REPLACEMENT FUND

The Master Association's governing documents require that funds accumulate for future major repairs and replacements. At March 31, 2020 and 2019, accumulated fund balances are \$1,034,124 and \$253,373, respectively. Replacement funds are held in separate accounts and are generally not available for expenditures or operating purposes.

The board of directors is funding for major repairs and replacements over the remaining useful lives of the components based on the study's estimate of those lives and current replacement costs considering amounts previously accumulated in the replacement fund. For the years ended March 31, 2020 and 2019, the board of directors funded \$2,871,077 and \$1,599,548 in total monthly assessments and \$15,807 and \$3,034 in interest income for the basic annual contribution, respectively.

Funds are being accumulated in the replacement fund based upon estimated costs for repairs and replacement of common property components. Actual expenditures may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs for major repairs and replacements. If additional funds are needed, the Master Association has the right to increase regular assessments, levy special assessments, or delay such repairs and replacements until funds are available.

NOTE 7 CONCENTRATION OF CREDIT RISK

At times, the Master Association maintains cash in accounts in excess of the FDIC insured amount.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 NOTES TO THE FINANCIAL STATEMENTS – AICPA FRF FOR SMES
 MARCH 31, 2020 AND 2019

NOTE 8 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,275,000	\$ 1,275,000	-
Improvements	26,519	26,519	27.5 years
Furniture, fixtures and equipment	<u>252,194</u>	<u>252,194</u>	5 - 10 years
	1,553,713	1,553,713	
Less accumulated depreciation	<u>(202,356)</u>	<u>(192,319)</u>	
Property and equipment, net	<u>\$ 1,351,357</u>	<u>\$ 1,361,394</u>	

Depreciation expense totaled \$10,037 and \$12,475 for the years ended March 31, 2020 and 2019, respectively.

NOTE 9 MASTER FEES FROM VILLAGES

All Villages are obligated to collect the Master Association fees from their individual unit owners, and remit the amounts to the Master Association. The following represent the amount of master fees paid during the years ended March 31:

	<u>2020</u>	<u>2019</u>
Seapointe Village I Condominium Association, Inc.	\$ 485,136	\$ 466,080
Seapointe Village II Condominium Association, Inc.	485,136	466,080
Seapointe Village III Condominium Association, Inc.	346,536	332,880
Seapointe Village IV Condominium Association, Inc.	223,524	214,680
Seapointe Village V Condominium Association, Inc.	325,728	315,581
Single Family Homes at Seapointe Village	109,680	105,600
Seapointe Village VII Condominium Association, Inc.	<u>337,416</u>	<u>324,840</u>
Total master fees from villages	<u>\$ 2,313,156</u>	<u>\$ 2,225,741</u>

NOTE 10 INITIAL ASSESSMENTS

In accordance with the board of directors' policy, each initial member of the association must contribute revenue to the Master Association at the time of settlement an amount equivalent to two months' maintenance assessments. Initial assessments totaled \$34,545 and \$31,053 the years ended March 31, 2020 and 2019, respectively.

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS – AICPA FRF FOR SMES
MARCH 31, 2020 AND 2019

NOTE 11 REIMBURSEMENTS FROM VILLAGES

The Master Association pays for various office, maintenance, and custodial expenses, which are allocated to the Villages and included in revenue as reimbursements for the Villages. Revenues totaled \$207,864 and \$218,175 for the years ended March 31, 2020 and 2019, respectively.

NOTE 12 AMENITIES USAGE FEE

The Master Association charges an amenities usage fee to an unrelated association. The monthly commitment was approximately \$7,800 and indexed for inflation, not to exceed 5% per annum. Income, which is included in service charges in the statements of revenues, expenses and changes in fund balances, was \$93,996 and \$92,100 for the years ended March 31, 2020 and 2019, respectively. The commitment has no stated expiration date.

NOTE 13 COMMITMENTS

The Master Association entered construction contracts for the projects to remodel the common area. The contracts total \$3,216,531 including change orders. As of March 31, 2020, \$20,413 remained unpaid for this contract.

NOTE 14 SUBSEQUENT EVENTS

The Master Association has evaluated events or transactions that have occurred after March 31, 2020 (the financial statement date) through August 3, 2020, the date the financial statements were available to be issued. During the period, the Master Association did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements. However, due to the current global pandemic, the Association and businesses in general are being affected throughout the country. The financial impact to the Association cannot be estimated at this time. Management of the Association as well as the Federal, State, and local governments are addressing how to best manage the situation. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted, which allowed the Organization to apply for a loan under the Paycheck Protection Program. On May 15, 2020, the Organization received a loan in the amount of \$219,887.

SUPPLEMENTARY INFORMATION

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
SCHEDULES OF REVENUES, EXPENSES AND ALLOCATION TO FUNDS
AS COMPARED TO BUDGET - AICPA FRF FOR SMES
YEAR ENDED MARCH 31, 2020

	2020		Variance Favorable (Unfavorable)	2019
	Actual	Budget		Actual
REVENUES				
Master fees from villages	\$ 2,313,156	\$ 2,314,200	\$ (1,044)	\$ 2,225,741
Reimbursements from villages	207,864	184,000	23,864	218,175
Initial assessments	34,545	16,500	18,045	31,053
Special assessments	2,605,085	-	2,605,085	1,447,882
Interest income	17,180	-	17,180	4,091
Service charges, parking, and IBIS	119,546	113,246	6,300	112,843
Beach tags and pool fees	7,955	8,500	(545)	9,250
Vending commissions	1,408	3,500	(2,092)	3,873
Lease fees - beach hut	31,000	31,000	-	31,000
Other income	45	-	45	-
TOTAL REVENUES	5,337,784	2,670,946	2,666,838	4,083,908
EXPENSES AND FUND ALLOCATIONS				
ADMINISTRATIVE				
Management fees	260,600	257,550	(3,050)	260,200
Bad debts expense	20,259	4,440	(15,819)	-
Bank service charges	-	-	-	-
Depreciation expense	10,037	12,000	1,963	12,475
Dues and subscriptions	310	500	190	-
Gifts and contributions	114	-	(114)	97
Licenses and permits	304	1,000	696	304
Meeting expenses	582	2,000	1,418	3,809
Office supplies and expense	21,880	19,000	(2,880)	21,256
Postage and delivery	5,018	5,000	(18)	11,916
Professional fees	44,741	60,500	15,759	67,935
Printing and reproduction	1,535	-	(1,535)	233
Rent	19,500	19,500	-	19,500
Taxes and fees	9,263	9,100	(163)	8,964
Travel and entertainment	-	-	-	50
TOTAL ADMINISTRATIVE	394,143	390,590	(3,553)	406,739
PAYROLL AND EMPLOYEE EXPENSES				
Salaries and wages	992,616	942,000	(50,616)	928,503
Payroll taxes	127,059	134,180	7,121	120,625
Group insurance and benefits	57,242	56,000	(1,242)	53,443
TOTAL PAYROLL AND EMPLOYEE EXPENSES	1,176,917	1,132,180	(44,737)	1,102,571
UTILITIES AND INSURANCE				
Cable TV	14,609	15,000	391	13,889
Electricity	103,307	116,500	13,193	116,455
Gas	46,689	49,000	2,311	46,504
Insurance	124,674	150,100	25,426	139,388
Telephone	18,730	19,000	270	17,916
Water and sewer	125,881	126,000	119	126,128
TOTAL UTILITIES AND INSURANCE	433,890	475,600	41,710	460,280

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
SCHEDULES OF REVENUES, EXPENSES AND ALLOCATION TO FUNDS
AS COMPARED TO BUDGET (CONTINUED) - AICPA FRF FOR SMES
YEAR ENDED MARCH 31, 2020

	2020		Variance Favorable (Unfavorable)	2019
	Actual	Budget		Actual
RESIDENTIAL AND MAINTENANCE SERVICES				
Custodial supplies and materials	128,323	99,500	(28,823)	107,380
Damaged insured loss contingency	3,397	-	(3,397)	801
Exterminator	9,729	8,100	(1,629)	8,933
Heating, ventilation and air-conditioning	-	-	-	1,231
Landscaping	140,595	131,000	(9,595)	125,151
Pool, spa and lagoon supplies and maintenance	88,881	70,000	(18,881)	67,831
Repairs and maintenance	44,835	51,000	6,165	30,177
Security supplies and equipment	21,597	10,000	(11,597)	12,407
Trash collection	23,894	20,000	(3,894)	25,801
Uniforms	9,387	11,000	1,613	13,183
TOTAL RESIDENTIAL AND MAINTENANCE SERVICES	470,638	400,600	(70,038)	392,895
MAJOR REPAIRS AND REPLACEMENTS				
Bank service charges	14	-	(14)	-
Equipment repairs	34,845	-	(34,845)	21,720
Exterior maintenance	1,930,204	-	(1,930,204)	1,553,814
Interior maintenance	8,092	-	(8,092)	4,116
Interest expense	36,621	-	(36,621)	5,053
Licenses and permits	-	-	-	71,772
Management fees	5,000	-	(5,000)	-
Professional fees	96,602	-	(96,602)	251,259
Recreation facilities	81,407	-	(81,407)	33,542
TOTAL MAJOR REPAIRS AND REPLACEMENTS	2,192,785	-	(2,192,785)	1,941,276
TOTAL EXPENSES	4,668,373	2,398,970	(2,269,403)	4,303,761
REVENUES OVER (UNDER) EXPENSES	669,411	271,976	397,435	(219,853)
DEFERRED MAINTENANCE FUND ALLOCATIONS				
Allocated assessments	32,000	32,000	-	32,000
Allocated interest income	1,373	-	1,373	1,057
Residential and maintenance services	(34,808)	-	(34,808)	(19,833)
TOTAL DEFERRED MAINTENANCE FUND ALLOCATIONS	(1,435)	32,000	(33,435)	13,224
REPLACEMENT FUND ALLOCATIONS				
Allocated assessments	265,992	239,976	26,016	151,666
Special assessments	2,605,085	-	2,605,085	1,447,882
Allocated interest income	15,807	-	15,807	3,034
Allocated owner service charges	450	-	450	-
Bad debt expense	(15,232)	-	(15,232)	-
Major repairs and replacements	(2,117,466)	-	(2,117,466)	(1,897,724)
TOTAL REPLACEMENT FUND ALLOCATIONS	754,636	239,976	514,660	(295,142)
TOTAL FUND ALLOCATIONS, NET OF EXPENSES	753,201	271,976	481,225	(281,918)
REVENUES (UNDER) OVER EXPENSES, NET OF FUND ALLOCATIONS	\$ (83,790)	\$ -	\$ (83,790)	\$ 62,065

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED)
 MARCH 31, 2020

An independent engineer conducted a study in October of 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from licensed contractors who inspected the property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date, but they do take into account the effect of inflation of 2% between the date of the study and the date the components will require repair or replacement.

The following information is based on the study and presents significant information about the components of common property.

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Paving:		
2' Cap — Asphalt Pavement	0	\$ 222,800
Decorative Concrete Pavers (Ibis Ln Cir over 2 yrs)	3	116,269
Decorative Concrete Pavers (Plaza Deck & Remaining, over 4 yrs)	18	388,749
Concrete Sidewalk (Ibis Pool & Playground)	20	33,575
Concrete Sidewalk (Plaza Deck)	18	152,320
Stamped Concrete (Ibis Pool & Playground)	20	31,488
Colored Concrete Pool Deck-Centre Court	15	61,360
Colored Concrete Pool Deck-Garden	8	31,020
Colored Concrete Pool Deck-Ocean Side	18	26,100
Concrete Hot Tub Deck-Ocean Side	0	9,000
Concrete Walkways	25	23,350
Concrete Walkways	26	36,300
Concrete Walkways	27	3,000
Concrete Walkways	28	8,875
Illumination:		
20' Aluminum Street Lights (over 5 yrs)	10	178,750
Plaza Bollard Lighting	13	19,000
Bollard Lighting-Walkways	13	19,000

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED) (CONTINUED)
 MARCH 31, 2020

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Fencing:		
10' High Vinyl Chainlink - Tennis Ct.	10	11,840
4' High Vinyl Chainlink - Tennis Ct.	10	3,750
4' High Aluminum Fence (Ibis Pool & Playground)	15	21,105
4' High Aluminum Fence (Centre Court)	1	30,870
4' High Tubular Post & Railing (Centre Court)	2	2,782
4' High Aluminum Fence (Garden Pool)	0	19,656
4' High Aluminum Fence (Ocean Side)	13	50,400
6' Vinyl Chainlink Fence (Pool Heaters)	1	911
8' High Vinyl Privacy Fence	15	18,813
4' Vinyl Fence (Townhomes 400, 500 & 600)	20	14,418
5' Vinyl Fence (Townhomes 300, 500, 600 & 700)	20	7,893
6' Vinyl Fence (Townhomes 300 Series)	20	10,940
7' Vinyl Fence (Townhomes 300 Series)	20	5,784
6' Vinyl Fence - Dune Drive	16	53,385
6' Vinyl Fence - (behind 100 & 200 bldg. Townhomes)	18	17,503
6' Vinyl Fence - (behind 300, 700, & 800 bldg. Townhomes)	20	28,394
6' Wood Fence (Dune Drive)	0	4,920
Retaining Walls:		
Poured Concrete Retaining Wall (west elevation of tennis court)	25	8,700
Concrete Field Stone Retaining Wall (Ibis pool area)	17	26,862
Concrete Field Stone Retaining Wall (Garden)	17	53,276
Timber Retaining Wall: Replace w/ Seg. Block (South Beach, SW corner)	10	4,029
Masonry Concrete Retaining Wall: CMU block, stucco finish (over 5 yrs)	10	145,668
Ceramic Tile (masonry concrete retaining walls)	2	6,930
Aluminum Railing	2	10,700

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED) (CONTINUED)
 MARCH 31, 2020

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Recreation:		
Tennis Court Resurface	0	17,600
Tennis Court Reconstruction	10	110,000
Basketball Court Resurface	0	8,800
Basketball Court Reconstruction	10	55,000
Tot Lot & Swing Set	8	25,000
Wood Edging	14	300
Pool Coping & Waterline Tile - Ibis Pool/Spa	4	13,200
Pool Resurfacing - Ibis Pool/Spa	0	7,533
Pool Coping & Waterline Tile - Centre Court	3	35,400
Pool Resurfacing - Centre Court	0	8,469
Pool Coping & Waterline Tile - Garden	5	9,900
Pool Resurfacing - Garden	0	6,480
Pool Coping & Waterline Tile - Ocean Side	8	25,800
Pool / Spa Resurfacing - Ocean Side	0	25,650
Ibis Exterior Components:		
Pool Furnishings	2	20,000
6" Aluminum Gutters	10	1,639
4" x 3" Aluminum Leaders	10	996
Single Aluminum & Glass Door	15	1,425
Double Aluminum & Glass Doors	15	4,650
Sliding Glass Doors (9' x 8')	15	7,000
Ibis Interior Components:		
Vinyl Composite Floor Tile	20	1,828
Ceramic Floor & Wall Tile (1" x 1")	28	5,002
Acoustical Ceiling Tile	20	1,828
Restroom Renovation	10	8,500
Ibis Mechanical Components:		
Pool Filters & Pumps	8	26,350
Pool Heaters - 325K Btu	13	6,500
Electric Water Heater - 40 Gallon	2	1,000
HVAC	10	15,500

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED) (CONTINUED)
 MARCH 31, 2020

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Centre Court Exterior Components:		
Composite Decking	15	7,200
Wooden Pedestrian Bridge (over pool)	0	13,000
Pool Equipment Shed	10	3,000
Centre Court Mechanical:		
Spa Heater	4	2,350
Spa Filter & Pump	4	3,500
Pool Heaters - 399K Btu	5	3,850
Pool Heaters - 399K Btu	10	3,850
Pool Heater - 299K Btu	14	3,300
Pool Filters & Pumps	5	16,500
Garden Exterior Components:		
Pool Furnishings	3	20,000
Composite Bench	11	2,150
Garden Mechanical Components:		
Pool Heater - 250K Btu	14	3,275
Pool Heater - 399K Btu	3	3,850
Pool Heater - 399K Btu	12	3,850
ADA Pool Chair Lift	8	8,000
Pool Filters & Pumps	9	16,500
Ocean Side Exterior Components:		
Lounge Chairs (\$8000 allowance every other year)	0	8,000
Picnic Tables/Umbrellas	11	17,100
Composite Decking (over 3 yrs)	7	318,600
Composite Modular Rollout Decking	15	51,560
Composite Modular Rollout Decking Extension	21	12,374
Composite Modular Rollout Decking Extension	24	9,881

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED) (CONTINUED)
 MARCH 31, 2020

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Ocean Side Mechanical:		
ADA Pool Chair Lift	0	8,000
Pool Heaters	5	3,000
Pool Heaters	12	3,000
Pool Heaters - 175K Btu	5	5,300
Pool Heaters - 175K Btu	12	2,650
Pool Pumps and Filters	5	13,650
A/C Condenser (Pinnacle Common Area)	16	2,150
A/C Condenser (North Beach Management Office)	18	3,350
Miscellaneous Sitework:		
Trash / Recycling Receptacles (over 7 yrs)	7	14,400
Shower Towers	2	35,000
Tiki Huts (12 EA every 3 years)	5	56,000
BBQ Grills (3 EA every year)	3	8,400
Storage Sheds: 10' x 12' (Beach Area)	19	3,700
Storage Sheds: 10' x 12' (Beach Area)	11	3,700
Storage Sheds: 10' x 12' (Beach Area)	1	3,700
Storage Shed: 30' x 20' (windows, doors, garage doors, siding, roofing)	25	16,250
Wood Gazebo: Wood Roof System (large)	3	4,500
Wood Gazebo: Wood Roof System (small)	0	2,250
Restroom Renovation - Beach	0	16,000
Composite Benches / Steel Frame	13	12,000
Lagoons and Components (over 2 yrs)	0	53,000
Lagoons and Components (over 5 yrs)	10	476,250
Steel Dumpsters (over 7 yrs)	0	42,900
Steel Dumpsters	27	6,600
Steel Dumpsters	28	4,950
Beach Wheelchairs	0	10,000
Beach Wheelchairs	18	10,000

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED) (CONTINUED)
 MARCH 31, 2020

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Miscellaneous Mechanical:		
Access Gates & Controllers (over 4 yrs)	0	20,200
Access Gates (Seaview Avenue Entrance)	12	8,915
Card Reader System	3	38,200
Parking Meters	1	10,575
Gatehouse HVAC Split System (Furnace & A/C Condenser)	13	5,000
Vehicles:		
Golf Carts	2	3,000
Golf Carts	8	9,000
Kubota Tractor w/ Front Loader	8	40,000
Kubota Tractor w/ Front Loader	13	40,000
Food Concession Trailer	12	90,000
Pinnacle Exterior:		
Double Glass-Paneled Door w/ Sidelights (east elevation)	9	8,650
Automatic Double Glass Door (east elevation vestibule)	8	9,000
Single Glass-Paneled Doors (game room & pinnacle room)	9	4,000
Pinnacle Interior Finishes Meeting Room:		
Carpet	11	7,958
Acoustical Ceiling Tiles	5	1,478
Furniture	0	15,000
Kitchen Amenities	0	1,000
Ceramic Tile	5	784
Exercise Room:		
Interlocking Rubber Tiles	12	4,399
Exercise Equipment (over 3 yrs)	7	35,850
Acoustical Ceiling Tile	24	1,478
Game Room:		
Carpet	1	4,244
Acoustical Ceiling Tiles	24	1,277

SEAPOINTE VILLAGE MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
 (UNAUDITED) (CONTINUED)
 MARCH 31, 2020

Components	Updated 2017 Schedule (unaudited)	
	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs
Miscellaneous:		
Security System - (Cameras)	5	15,000
Sauna Heater	0	2,550
Cedar Sauna Finish	20	5,880
Steam Generator	6	3,385
Restroom Facilities:		
Ceramic Tile - (Men & Women's)	15	26,484
Acoustical Ceiling Tile	24	1,261
Restroom Renovation	5	26,500
Hallways:		
Ceramic Tile	15	3,572
Office (North Beach):		
Carpet	7	1,850
Office Furniture	6	13,500
GRAND TOTAL		<u>\$ 4,184,215</u>