

**COPPERFIELD PROPERTY  
OWNERS' ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

December 31, 2013

**COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.**

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Taylor & Lockard  
*Certified Public Accountants*

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Copperfield Property Owners' Association, Inc.  
Merritt Island, Florida

We have compiled the accompanying balance sheet of Copperfield Property Owners' Association, Inc. as of December 31, 2013 and the related statement of revenues, expenses and changes in fund balances and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Taylor & Lockard, P.A.  
*Certified Public Accountants*  
Cocoa Beach, FL

April 5, 2014

**COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.**

**BALANCE SHEET  
December 31, 2013**

**ASSETS**

	Operating Fund	Replacement Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current Assets</b>			
Cash, including interest bearing deposits	\$ 10,354	\$ 3,491	\$ 13,845
Due to reserves from operating	(4,734)	4,734	-
Assessments receivable (net of allowance)	484	-	484
Certificates of deposit	18,447	-	18,447
Prepaid expense	<u>1,538</u>	<u>-</u>	<u>1,538</u>
<b>Total Current Assets</b>	26,089	8,225	34,314
 <b>Long Term Assets</b>			
Utility deposits	<u>70</u>	<u>-</u>	<u>70</u>
	<u>\$ 26,159</u>	<u>\$ 8,225</u>	<u>\$ 34,384</u>

**LIABILITIES AND FUND BALANCES**

	Operating Fund	Replacement Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Current Liabilities</b>			
Prepaid assessments	\$ 4,879	\$ -	\$ 4,879
 <b>Fund Balances</b>			
Fund balances	<u>21,280</u>	<u>8,225</u>	<u>29,505</u>
	<u>\$ 26,159</u>	<u>\$ 8,225</u>	<u>\$ 34,384</u>

See accompanying notes and independent accountants' compilation report.

**COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.**

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES**

**For the year ended December 31, 2013**

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Regular assessments	\$ 28,161	\$ 300	28,461
Interest income	544	21	565
	<hr/>	<hr/>	<hr/>
Total revenue	28,705	321	29,026
 <b>Operating Expenses</b>			
Lawn service	6,585	-	6,585
Management fees	6,420	-	6,420
Accounting and legal	5,400	-	5,400
Insurance	4,450	-	4,450
Repairs and maintenance	65	1,744	1,809
Landscape entrance	1,484	-	1,484
Lake maintenance	1,188	-	1,188
Printing and copying	958	-	958
Postage and delivery	949	-	949
Bad debt	452	-	452
Irrigation utilities	304	-	304
Miscellaneous	198	-	198
Irrigation repair	187	-	187
	<hr/>	<hr/>	<hr/>
Total operating expenses	28,640	1,744	30,384
 <b>Excess of Revenues Over Expenses</b>	65	(1,423)	(1,358)
 <b>Fund Balances, beginning of year</b>	21,215	9,648	30,863
	<hr/>	<hr/>	<hr/>
<b>Fund Balance, end of year</b>	<u>\$ 21,280</u>	<u>\$ 8,225</u>	<u>\$ 29,505</u>

See accompanying notes and independent accountants' compilation report.

**COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2013**

	Operating Fund	Replacement Fund	Total
<b>Cash Flows From Operating Activities</b>			
Excess (deficit) of revenues over expenses	\$ 65	\$ (1,423)	\$ (1,358)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Decrease in assets:			
Assessments receivable	772	-	772
Prepaid expense	2,951	-	2,951
Increase in prepaid assessments	<u>1,764</u>	<u>-</u>	<u>1,764</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	5,552	(1,423)	4,129
<b>Net Cash (Provided) By Investing Activities</b>			
Interest earned on Certificates of Deposit	<u>(28)</u>	<u>(14)</u>	<u>(42)</u>
<b>Net Increase (Decrease) In Cash</b>	5,524	(1,437)	4,087
<b>Cash, Beginning Of Year</b>	4,705	5,053	9,758
Interfund activity	<u>125</u>	<u>(125)</u>	<u>-</u>
<b>Cash, End Of Year</b>	<u>\$ 10,354</u>	<u>\$ 3,491</u>	<u>\$ 13,845</u>

See accompanying notes and independent accountants' compilation report.

# COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

### NOTE 1 – NATURE OF ORGANIZATION

Copperfield Property Owners' Association, Inc. is a statutory homeowner's association incorporated in the State of Florida in 1994. The Association is responsible for the operation and maintenance of the common property of Copperfield Property Owners' Association, Inc. Copperfield Property Owners' Association, Inc. consists of 159 homes located in Merritt Island, Florida.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting - The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

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

Member assessments - Association members are subject to quarterly 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 remain delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding year.

Interest Income – Interest income is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund.

Income taxes – Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. For the year ended December 31, 2013, the Association elected to be taxed as a homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

See independent accountants' compilation report.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment – Real property and common areas and related improvements to such property are not recorded in Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

**NOTE 3 – FUTURE MAJOR REPAIRS AND REPLACEMENTS**

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$8,225 at December 31, 2013, are held in separate accounts and are generally not available for operating purposes.

Actual cash funding of the replacement fund at December 31, 2013, was \$3,491 including interest earned of \$21 for the year. This represents the amount of funds that are set aside for future repairs and replacements. The Association holds a certificate of deposit in the amount of \$18,447 at December 31, 2013. Although not specifically designated as reserves cash, the amount owed to reserves from operating is held within this certificate of deposit.

As of the balance sheet date, no formal study had been performed, to determine the estimated remaining useful lives or the estimated current replacement cost of the components of common property. Therefore, the adequacy of the replacement fund cannot be estimated. When replacement funds are needed, the Association has the right to increase the monthly assessments, pass special assessments, or delay replacement until such funds are available.

Reserve accounts have been established to specifically identify the purpose for which the assets are restricted. The following table represents the components of the Reserve Fund as of December 31, 2013:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u> <u>Reclassifications</u> <u>and Interest</u>	<u>Disbursements</u>	<u>Balance</u> <u>12/31/13</u>
Entry wall	\$ 5,336	\$ 12	\$ 1,744	\$ 3,604
Storm water maintenance	<u>4,312</u>	<u>309</u>	<u>-</u>	<u>4,621</u>
	\$ <u>9,648</u>	\$ <u>321</u>	\$ <u>1,744</u>	\$ <u>8,225</u>

See independent accountants' compilation report.



**COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2013**

**NOTE 4 – DELINQUENT ASSESSMENTS**

At December 31, 2013, the Association had delinquent assessments of \$1,677. The greater part of these delinquent fees stems from three units, which are more than a year delinquent. Since it is unclear as to how much the association will eventually receive on these past due assessments, an allowance was set up in the amount of \$1,193. Any excess assessments at year-end are retained by the Association for use in the succeeding year.