

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

FINANCIAL STATEMENTS

December 31, 2014

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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, 2014 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

March 4, 2015

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

BALANCE SHEET

December 31, 2014

ASSETS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Current Assets			
Cash, including interest bearing deposits	\$ 8,771	\$ 3,496	\$ 12,267
Due to reserves from operating	(6,478)	6,478	-
Assessments receivable (net of allowance)	704	-	704
Certificates of deposit	18,493	-	18,493
Prepaid expense	<u>1,816</u>	<u>-</u>	<u>1,816</u>
Total Current Assets	23,306	9,974	33,280
Long Term Assets			
Utility deposits	<u>70</u>	<u>-</u>	<u>70</u>
	<u>\$ 23,376</u>	<u>\$ 9,974</u>	<u>\$ 33,350</u>

LIABILITIES AND FUND BALANCES

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Current Liabilities			
Prepaid assessments	\$ 529	\$ -	\$ 529
Fund Balances			
Fund balances	<u>22,847</u>	<u>9,974</u>	<u>32,821</u>
	<u>\$ 23,376</u>	<u>\$ 9,974</u>	<u>\$ 33,350</u>

See independent accountants' compilation report.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES

For the year ended December 31, 2014

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Regular assessments	\$ 33,236	\$ 1,744	34,980
Other income	116	-	116
Interest income	513	5	518
	<u> </u>	<u> </u>	<u> </u>
Total revenue	33,865	1,749	35,614
 Operating Expenses			
Accounting and legal	8,890	-	8,890
Management fees	6,420	-	6,420
Lawn service	5,700	-	5,700
Insurance	2,944	-	2,944
Landscape entrance	1,875	-	1,875
Lake maintenance	1,287	-	1,287
Bad debt	1,009	-	1,009
Postage and delivery	969	-	969
Irrigation repair	872	-	872
Printing and copying	844	-	844
Repairs and maintenance	620	-	620
Miscellaneous	485	-	485
Irrigation utilities	260	-	260
Annual report	123	-	123
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	32,298	-	32,298
 Excess of Revenues Over Expenses	1,567	1,749	3,316
 Fund Balances, Beginning of Year	<u>21,280</u>	<u>8,225</u>	<u>29,505</u>
 Fund Balance, End of Year	<u>\$ 22,847</u>	<u>\$ 9,974</u>	<u>\$ 32,821</u>

See independent accountants' compilation report.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS
For the year ended December 31, 2014

	Operating Fund	Replacement Fund	Total
Cash Flows From Operating Activities			
Excess (deficit) of revenues over expenses	\$ 1,567	\$ 1,749	\$ 3,316
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
Decrease in assets			
Assessments receivable	(220)	-	(220)
Prepaid expense	(278)	-	(278)
Increase in prepaid assessments	(4,350)	-	(4,350)
Net Cash Provided (Used) By Operating Activities	(3,281)	1,749	(1,532)
Net Cash Provided (Used) By Financing Activities			
Interfund activity	1,744	(1,744)	-
Net Cash (Provided) By Investing Activities			
Interest earned on Certificates of Deposit	(46)	-	(46)
Net Increase (Decrease) In Cash	(1,583)	5	(1,578)
Cash, Beginning Of Year	10,354	3,491	13,845
Cash, End Of Year	<u>\$ 8,771</u>	<u>\$ 3,496</u>	<u>\$ 12,267</u>

See independent accountants' compilation report.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

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, 2014, 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, 2014**

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 \$9,974 at December 31, 2014, are held in separate accounts and are generally not available for operating purposes.

Actual cash funding of the replacement fund at December 31, 2014; was \$3,496 including interest earned of \$5 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 \$18,493 at December 31, 2014. 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, 2014.

	Balance	Additions,	Balance
	12/31/13	Reclassifications	12/31/14
		and Interest	
Entry wall	\$ 3,604	\$ 1,749	\$ 5,353
Storm water maintenance	4,621	-	4,621
	<u>\$ 8,225</u>	<u>\$ 1,749</u>	<u>\$ 9,974</u>

See independent accountants’ compilation report.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

NOTE 4 – DELINQUENT ASSESSMENTS

At December 31, 2014, the Association had delinquent assessments of \$2,906. 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 \$2,202. Any excess assessments at year-end are retained by the Association for use in the succeeding year.