

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

**FINANCIAL STATEMENTS**

December 31, 2016

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

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

Management is responsible for the accompanying financial statements of Copperfield Property Owners' Association, Inc., which comprise the balance sheet as of December 31, 2016, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

**Required Supplementary Information**

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 an essential part of 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 21, 2017

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

**BALANCE SHEET**  
**December 31, 2016**

**ASSETS**

	Operating Fund	Replacement Fund	Total
<b>Current Assets</b>			
Cash, including interest bearing deposits	\$ 12,508	\$ 9,822	\$ 22,330
Due to reserves from operating	(11,507)	11,507	-
Assessments receivable	638	-	638
Certificates of deposit	18,633	-	18,633
Prepaid expense	1,558	-	1,558
<b>Total Current Assets</b>	21,830	21,329	43,159
<b>Long Term Assets</b>			
Utility deposits	70	-	70
<b>Total Assets</b>	<u>\$ 21,900</u>	<u>\$ 21,329</u>	<u>\$ 43,229</u>

**LIABILITIES AND FUND BALANCES**

	Operating Fund	Replacement Fund	Total
<b>Current Liabilities</b>			
Prepaid assessments	\$ 1,126	\$ -	\$ 1,126
<b>Fund Balances</b>			
Fund balances	20,774	21,329	42,103
<b>Total Liabilities and Fund Balances</b>	<u>\$ 21,900</u>	<u>\$ 21,329</u>	<u>\$ 43,229</u>

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

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES  
For the year ended December 31, 2016**

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Regular assessments	\$ 29,950	\$ 5,030	\$ 34,980
Other income	223	-	223
Interest income	240	13	253
	<hr/>	<hr/>	<hr/>
<b>Total Revenue</b>	30,413	5,043	35,456
<b>Operating Expenses</b>			
Accounting and legal	6,802	-	6,802
Management fees	6,420	-	6,420
Lawn service	5,796	-	5,796
Insurance	3,034	-	3,034
Repairs and maintenance	2,378	-	2,378
Landscape entrance	2,314	-	2,314
Irrigation repair	2,225	-	2,225
Tree trimming	1,200	-	1,200
Lake maintenance	1,188	-	1,188
Postage and delivery	1,131	-	1,131
Printing and copying	736	-	736
Miscellaneous	329	-	329
Irrigation utilities	282	-	282
Taxes	61	-	61
	<hr/>	<hr/>	<hr/>
<b>Total Operating Expenses</b>	33,896	-	33,896
<b>Excess of Revenues Over Expenses</b>	(3,483)	5,043	1,560
<b>Fund Balances, Beginning of Year</b>	24,257	16,286	40,543
	<hr/>	<hr/>	<hr/>
<b>Fund Balance, End of Year</b>	<u>\$ 20,774</u>	<u>\$ 21,329</u>	<u>\$ 42,103</u>

See Independent Accountants' Compilation Report and accompanying notes.

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

**STATEMENT OF CASH FLOWS  
For the year ended December 31, 2016**

	Operating Fund	Replacement Fund	Total
	<hr/>	<hr/>	<hr/>
<b>Cash Flows from Operating Activities</b>			
Excess of revenues over expenses	\$ (3,483)	\$ 5,043	\$ 1,560
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
(Increase) Decrease in assets			
Assessments receivable	(224)	-	(224)
Prepaid expense	352	-	352
(Decrease) in prepaid assessments	<u>(1,793)</u>	<u>-</u>	<u>(1,793)</u>
<b>Net Cash Provided by Operating Activities</b>	(5,148)	5,043	(105)
<b>Net Cash Provided (Used) by Financing Activities</b>			
Interfund activity	1,219	(1,219)	-
<b>Net Cash (Provided) by Investing Activities</b>			
Interest earned on Certificates of Deposit	<u>(75)</u>	<u>-</u>	<u>(75)</u>
<b>Net Increase (Decrease) in Cash</b>	(4,004)	3,824	(180)
<b>Cash, Beginning of Year</b>	<u>16,512</u>	<u>5,998</u>	<u>22,510</u>
<b>Cash, End of Year</b>	<u>\$ 12,508</u>	<u>\$ 9,822</u>	<u>\$ 22,330</u>

See Independent Accountants' Compilation Report and accompanying notes.

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

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2016**

**NOTE 1 – NATURE OF ORGANIZATION**

Copperfield Property Owners' Association, Inc. (the "Association") 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 the 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 represents 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. 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, 2016, 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.

Property and equipment – Real property and common areas 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.

See Independent Accountants' Compilation Report.

**COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2016**

**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.

**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 \$21,329 at December 31, 2016, are held in separate accounts and are generally not available for operating purposes.

Actual cash funding of the replacement fund at December 31, 2016, was \$9,822 including interest earned of \$13 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 \$18,633 at December 31, 2016. 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 quarterly 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, 2016.

	<b>Balance</b>	<b>Additions,</b>	
	<b>12/31/15</b>	<b>Reclassifications</b>	<b>Balance</b>
		<b>and Interest</b>	<b>12/31/16</b>
Entry wall	\$ 9,140	\$ 2,522	\$ 11,662
Storm water maintenance	7,146	2,521	9,667
	<u>\$ 16,286</u>	<u>\$ 5,043</u>	<u>\$ 21,329</u>

See Independent Accountants' Compilation Report.