

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

FINANCIAL STATEMENTS

December 31, 2021

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, 2021, 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

February 7, 2022

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

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COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

**BALANCE SHEET
December 31, 2021**

ASSETS

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Current Assets			
Cash, including interest-bearing deposits	\$ 49,996	28,533	\$ 78,529
Due to reserves from operating	(2,675)	2,675	-
Assessments receivable	1,190	-	1,190
Certificates of deposit	9,730	-	9,730
Prepaid expense	<u>3,179</u>	<u>-</u>	<u>3,179</u>
Total Current Assets	\$ 61,420	31,208	92,628
Long Term Assets			
Utility deposits	<u>70</u>	<u>-</u>	<u>70</u>
Total Assets	<u>\$ 61,490</u>	<u>\$ 31,208</u>	<u>\$ 92,698</u>

LIABILITIES AND FUND BALANCES

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Current Liabilities			
Prepaid assessments	\$ 13,405	\$ -	\$ 13,405
Contract liabilities (assessments received in advance - replacement)	<u>-</u>	<u>31,166</u>	<u>31,166</u>
Total Liabilities	\$ 13,405	\$ 31,166	\$ 44,571
Fund Balances	<u>48,085</u>	<u>42</u>	<u>48,127</u>
Total Liabilities and Fund Balances	<u>\$ 61,490</u>	<u>\$ 31,208</u>	<u>\$ 92,698</u>

See Independent Accountants' Compilation Report and accompanying notes.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCES
For the year ended December 31, 2021**

	Operating Fund	Replacement Fund	Total
Revenues			
Regular assessments	\$ 33,875	\$ -	\$ 33,875
Interest income	<u>934</u>	<u>42</u>	<u>976</u>
Total Revenue	34,809	42	34,851
Operating Expenses			
Lawn Service	8,985	-	8,985
Management Fees	6,420	-	6,420
Accounting and Legal	4,751	-	4,751
Insurance	2,893	-	2,893
Lake Maintenance	1,224	-	1,224
Office	971	-	971
Repairs & Maintenance	525	-	525
Irrigation Utilities	206	-	206
Landscaping	150	-	150
Miscellaneous	148	-	148
Bad Debt	115	-	115
Annual Report	61	-	61
Bank Fees	<u>50</u>	<u>-</u>	<u>50</u>
Total Operating Expenses	<u>26,499</u>	<u>-</u>	<u>26,499</u>
Excess of Revenues Over Expenses	8,310	42	8,352
Fund Balances, Beginning of Year	<u>39,775</u>	<u>-</u>	<u>39,775</u>
Fund Balance, End of Year	<u>\$ 48,085</u>	<u>\$ 42</u>	<u>\$ 48,127</u>

See Independent Accountants' Compilation Report and accompanying notes.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

**STATEMENT OF CASH FLOWS
For the year ended December 31, 2021**

	<u>Operating</u> <u>Fund</u>	<u>Replacement</u> <u>Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Excess of revenues over expenses	\$ 8,310	\$ 42	\$ 8,352
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities			
(Increase) Decrease in assets			
Assessments receivable	269	-	269
Prepaid expense	(987)	-	(987)
Prepaid assessments	2,485	-	2,485
Contract liabilities (assessments received in advance - replacement)	<u>-</u>	<u>1,106</u>	<u>1,106</u>
Net Cash Provided by Operating Activities	10,077	1,148	11,225
Net Cash Provided (Used) by Financing Activities			
Interfund activity	(9,682)	9,682	-
Net Cash (Provided) by Investing Activities			
Sale of CD	<u>9,270</u>	<u>-</u>	<u>9,270</u>
Net Increase in Cash	9,665	10,830	20,495
Cash, Beginning of Year	<u>40,331</u>	<u>17,703</u>	<u>58,034</u>
Cash, End of Year	<u>\$ 49,996</u>	<u>\$ 28,533</u>	<u>\$ 78,529</u>

See Independent Accountants' Compilation Report and accompanying notes.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

NOTE 1 – NATURE OF ORGANIZATION

Copperfield Property Owners' Association, Inc. (the "Association") is a statutory homeowners' association incorporated in the State of Florida in 1994. The Association is responsible for the operation and maintenance of the common property of Copperfield. 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.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of experience and susceptibility to factors outside the Association's control.

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, 2021, 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.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

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.

Contract Liabilities (Assessments received in advance-replacement) – The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve. The balance of contract liabilities (assessments received in advance-replacement) was \$31,166.

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 \$31,208 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes.

Actual cash funding of the replacement fund at December 31, 2021 was \$28,533. This represents the amount of funds that are set aside for future repairs and replacements.

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, 2021.

	<u>12/31/20</u>	<u>Additions, Reclassifications, and Interest</u>	<u>12/31/21</u>
Entry wall	\$ 16,027	\$ 574	\$ 16,601
Storm water maintenance	<u>14,033</u>	<u>574</u>	<u>14,607</u>
	<u>\$ 30,060</u>	<u>\$ 1,148</u>	<u>\$ 31,208</u>

See Independent Accountants' Compilation Report.

COPPERFIELD PROPERTY OWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE 4 - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate-Common Interest Realty Associations, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessments revenue and contract liabilities related to the replacement fund, as previously described.

The effect of the adoption is a decrease in 2021 replacement assessments by \$1,105, a contract liability (assessments received in advance-replacement) at December 31, 2021, of \$31,166 for the replacement fund. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2021 financial statements. Following are the line items from our balance sheet as of December 31, 2021, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
Liabilities			
Contract liabilities (assessments received in advance - replacement)	\$ -	\$ 31,166	\$ 31,166
Total liabilities	13,405	31,166	44,571
Fund Balance	79,293	(31,166)	48,127

See Independent Accountants' Compilation Report.

COPPERFIELD PROPERTY OWNERS' ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021

NOTE 4 - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION
(CONTINUED)

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2021 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
Revenue			
Regular Assessments	\$ 34,980	\$ (1,105)	\$ 33,875
(Deficit) Excess of Revenue over expenses	9,457	(1,105)	8,352
Cash Flows:			
(Deficit) Excess of Revenue over expenses	9,457	(1,105)	8,352
Increase Contract liabilities (assessments received in advance - replacement)	-	1,106	1,106