

LA ENTRADA DEL MAR ASSOCIATION, INC.

FINANCIAL STATEMENT

December 31, 2020 and 2019

LA ENTRADA DEL MAR ASSOCIATION, INC.

ANNUAL FINANCIAL REPORT

December 31, 2020

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
La Entrada Del Mar Association, Inc.
Fort Pierce, Florida

We have reviewed the accompanying statement of financial position of La Entrada Del Mar Association, Inc. (a corporation) as of December 31, 2020 and the related statements of revenues, expenses, and changes in fund balances and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements.

Auditor's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Opinion

The Statements on Standards for Accounting and Review Services require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.



The Board of Directors
La Entrada Del Mar Association, Inc.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on page 10 through page 12 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have compiled the supplementary information in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

June 2, 2021

La Entrada Del Mar Association, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020			2019		
	Operating Fund	Replacement Fund	Total Funds	Operating Fund	Replacement Fund	Total Funds
ASSETS						
Cash	\$ 147,395	\$ 348,046	\$ 495,441	\$ 190,937	\$ 258,838	\$ 449,775
Accounts receivable, net	6,412	-	6,412	2,552	-	2,552
Prepaid expenses	-	-	-	68,385	-	68,385
Due from other fund	-	1,940	1,940	-	1,940	1,940
Total Assets	\$ 153,807	\$ 349,986	\$ 503,793	\$ 261,874	\$ 260,778	\$ 522,652
LIABILITIES						
Accounts payable	\$ 3,518	\$ -	\$ 3,518	\$ 145	\$ -	\$ 145
Due to other funds	1,940	-	1,940	1,940	-	1,940
Prepaid owner assessment	14,636	-	14,636	10,632	-	10,632
Total Liabilities	20,094	-	20,094	12,717	-	12,717
FUND BALANCE						
Designated - Insurance	-	-	-	68,385	-	68,385
Undesignated	133,713	349,986	483,699	180,772	260,778	441,550
Total Fund Balance	133,713	349,986	483,699	249,157	260,778	509,935
Total Liabilities and Fund Balances	\$ 153,807	\$ 349,986	\$ 503,793	\$ 261,874	\$ 260,778	\$ 522,652

The accompanying notes are an integral part of these financial statements.

La Entrada Del Mar Association, Inc.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Operating Fund	Replacement Fund	Total	Operating Fund	Replacement Fund	Total
Revenues						
Maintenance fees	\$ 258,538	\$ 49,712	\$ 308,250	\$ 254,942	\$ 53,083	\$ 308,025
Laundry concessions	2,323	-	2,323	1,931	-	1,931
Interest income	-	4,496	4,496	283	1,915	2,198
Miscellaneous income	855	-	855	1,327	-	1,327
Total Revenues	261,716	54,208	315,924	258,483	54,998	313,481
Expenses						
Repairs & maintenance	-	-	-	-	3,724	3,724
Insurance	221,661	-	221,661	133,327	-	133,327
Electric	42,703	-	42,703	40,482	-	40,482
Electric repairs	28,861	-	28,861	4,041	-	4,041
Landscape maintenance	19,786	-	19,786	20,500	-	20,500
Legal & professional	6,993	-	6,993	7,486	-	7,486
Pool care and repairs	5,309	-	5,309	5,238	-	5,238
Management fees	4,225	-	4,225	1,965	-	1,965
Maintenance	3,122	-	3,122	545	-	545
Miscellaneous/Contingency	2,918	-	2,918	-	-	-
Dock repairs	2,099	-	2,099	2,971	-	2,971
Office expense	2,086	-	2,086	3,276	-	3,276
Telephone	1,192	-	1,192	-	-	-
Licenses & fees	765	-	765	690	-	690
Taxes	440	-	440	-	-	-
Total Expenses	342,160	-	342,160	220,521	3,724	224,245
Change in fund balances	(80,444)	54,208	(26,236)	37,962	51,274	89,236
Fund balances - Beginning of year	249,157	260,778	509,935	211,195	209,504	420,699
Transfer	(35,000)	35,000	-	-	-	-
Fund balances - End of year	\$ 133,713	\$ 349,986	\$ 483,699	\$ 249,157	\$ 260,778	\$ 509,935

The accompanying notes are an integral part of these financial statements.

La Entrada Del Mar Association, Inc.
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020		2019	
	Operating Fund	Replacement Fund	Total	Total
Cash Flows from Operating Activities				
Cash receipts from owners	\$ 254,678	\$ 49,712	\$ 304,390	\$ 298,514
Cash receipts from laundry concessions	2,323	-	2,323	1,931
Interest income received	-	4,496	4,496	2,198
Other income received	855	-	855	1,327
Cash payments to vendors and suppliers	(266,398)	-	(266,398)	(220,589)
Net Cash Provided/(Used) By Operating Activities	<u>(8,542)</u>	<u>54,208</u>	<u>45,666</u>	<u>83,381</u>
Cash Flows from Financing Activities				
Change in interfund borrowing/transfers	(35,000)	35,000	-	-
Net Cash Provided/(Used) by Financing Activities	<u>(35,000)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Net Increase/(Decrease) In Cash	(43,542)	89,208	45,666	83,381
Cash and cash equivalents, January 1	<u>190,937</u>	<u>258,838</u>	<u>449,775</u>	<u>366,394</u>
Cash and cash equivalents, December 31	<u>\$ 147,395</u>	<u>\$ 348,046</u>	<u>\$ 495,441</u>	<u>\$ 449,775</u>
Reconciliation of excess of assessments and revenues over expenses to net cash provided by operating activities				
Excess/(defecit) of revenues over expenses	\$ (80,444)	\$ 54,208	\$ (26,236)	\$ 89,236
(Increase)/Decrease In				
Assessments receivable	461	-	461	1,397
Prepaid expenses	72,390	-	72,390	10,632
Increase/(Decrease) In				
Accounts payable	3,373	-	3,373	(6,975)
Assessments and rents received in advance	(4,322)	-	(4,322)	(10,909)
Net Cash Provided/(Used) By Operating Activities	<u>\$ (8,542)</u>	<u>\$ 54,208</u>	<u>\$ 45,666</u>	<u>\$ 83,381</u>

The accompanying notes are an integral part of these financial statements.

La Entrada Del Mar Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

La Entrada Del Mar Association, Inc. (the "Association") was incorporated under the laws of the State of Florida on December 10, 1973 for the purpose of operating, managing, maintaining, and preserving the common property of the Association. The Association consist of 57 condominium units located in Fort Pierce, Florida.

Fund Accounting

The financial statements have been prepared pursuant to Chapter 718, Florida Statutes. The Association uses the fund method of accounting, which requires that funds, such as operating funds and fund for future major repairs and replacements, be classified separately for accounting and reporting purposes.

Operating Fund

This fund reflects the operating assessments paid by unit owners to meet the regular, recurring costs of operation. Expenditures of this fund are limited to those connected with the day-to-day operations.

Replacement Fund

This fund is composed of all capital assessments paid by unit owners to fund future replacements, major repairs, and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which maintenance assessments were levied.

Cash and Cash Equivalents

The Association considers highly liquid instruments with maturity dates of three months or less to be cash equivalents.

The Association established a separate cash account to accumulate funds for insurance premiums. The balance is considered designated for insurance premiums and accordingly, is segregated in net assets.

Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not reflected on the Association's financial statement. These properties are owned by the individual unit owners in common and not by the Association.

La Entrada Del Mar Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE A – 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 amount 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 expense during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Association is not taxed on amounts assessed to owners. However, all other amounts received do not qualify as exempt function income and are taxed net of related expenses. The Association for the period elected to be taxed as a homeowners association in accordance with Sec. 528 of the Internal Revenue Code.

The Association provides for income taxes using the asset and liability method as required by FASB ASC 740. This approach recognizes the amount of federal, state, and local taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the future tax consequences of events recognized in the financial statements and income tax returns. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates in the period during which they are signed into law. A valuation allowance is required when it is more likely than not all or some portion of the deferred tax assets will not be realized through generating sufficient future taxable income.

FASB ASC 740 clarifies the accounting for uncertainty in income taxes by defining the criterion an individual tax position must meet for any part of the benefit of the tax position to be recognized in financial statements prepared in conformity with accounting principles generally accepted in the United States of America. The Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the tax position. The tax benefits recognized in the financial statements from such a tax position should be measure based on the largest benefit having a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority. Additionally, FASB ASC 740 provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim period, disclosure, and transition. In accordance with the disclosure requirements, the Association's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively. At December 31, 2020, the Association did not have any uncertain tax positions. As a result, no amounts have been accrued for penalties an interest owed to taxing authorities.

The tax years that remain subject to examination by federal and state authorities are 2019, 2018 and 2017.

La Entrada Del Mar Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE B – OWNERS' ASSESSMENTS

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Income and expenses are allocated to unit owners based on square footage. Monthly assessments to owners were as follows:

	Total Monthly Assessments	
	2020	2019
Garden Apartments	\$ 450	\$ 467
Townhouse Units	450	469

The annual budget, owner's assessments and special assessments are determined by the board of directors and are approved by the owners. Late fees are charged when the outstanding balance is outstanding for more than 30 days. The Association's policy is to retain legal counsel and place liens on properties of homeowners whose payments of assessments are delinquent. Delinquent accounts are considered collectible until such time that the Board of Directors has exhausted the collection process which includes liens, judgement, foreclosures and, in the opinion of the Association's legal counsel, all or a portion of the balance in uncollectible. The Association retains any excess assessments at year-end for use in future years. The allowance for doubtful accounts of the Association is zero at December 31, 2020.

Subsequent Events

Management has evaluated the existence of any subsequent events through June 2, 2021, the date the financial statements were available to be issued and none were noted.

La Entrada Del Mar Association, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The state of Florida requires that funds be accumulated for future major repairs and replacements. Such funds are generally not available for normal operating expenses.

The Board of Directors conducted a study in 2008 to estimate the remaining useful lives and the replacement costs of the components of common property. The board reviews and updates the study annually. The estimates were based on the Board of Directors' judgment and estimates obtained from consulting with contractors. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on the study.

Funds are being accumulated in the replacement fund based on the estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future 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 replacement. If additional funds are needed, however, the Association has the right, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE D – CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at two financial institutions located in Florida. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Association's cash balances were fully insured.

SUPPLEMENTARY INFORMATION

La Entrada Del Mar Associates, Inc.
BUDGET VS. ACTUAL COMPARISON
December 31, 2020 and 2019

	2020		2019	
	Budget	Actual	Budget	Actual
<u>Revenues</u>				
Maintenance Fees	\$ 208,376	\$ 258,538	\$ 265,790	\$ 254,942
Laundry	1,600	2,323	1,650	1,931
Interest Income	700	-	-	283
Miscellaneous	2,500	855	2,450	1,327
Excess Special Assessments	2,456	-	-	-
Operating reserves	118,090	-	-	-
Total Revenue	<u>\$ 333,722</u>	<u>\$ 261,716</u>	<u>\$ 269,890</u>	<u>\$ 258,483</u>
<u>Expenses</u>				
Management fees	\$ 3,900	\$ 4,225	\$ 12,500	\$ 1,965
Legal & professional	5,500	6,993	3,750	7,486
Insurance	140,000	221,661	165,000	133,327
Office expense	1,000	2,086	32	3,276
Licenses & fees	1,000	765	1,250	690
Electric	14,000	42,703	44,000	40,482
Water and sewer	30,000	-	-	-
Landscape maintenance	26,000	19,786	-	20,500
Repairs & maintenance	16,000	28,861	-	4,041
Buildings, grounds & parking lot	5,600	3,122	34,558	545
Dock repairs	4,000	2,099	4,000	2,971
Pool care and repairs	4,800	5,309	4,800	5,238
Supplies	1,000	-	-	-
Telephone	1,000	1,192	-	-
Taxes	1,000	440	-	-
Miscellaneous/contingency	33,466	2,918	-	-
Total Expenses	<u>\$ 288,266</u>	<u>\$ 342,160</u>	<u>\$ 269,890</u>	<u>\$ 220,521</u>
Excess/(Deficiency) of Revenues over expenses	45,456	(80,444)	-	37,962
Net assets beginning of the year	15,000	249,157	-	211,195
Transfer	-	(35,000)	-	-
Net assets end of the year	<u>\$ 60,456</u>	<u>\$ 133,713</u>	<u>\$ -</u>	<u>\$ 249,157</u>

La Entrada Del Mar Association, Inc.
SCHEDULES OF CHANGES IN REPLACEMENT FUND BALANCE
For the Years Ended December 31, 2020 and 2019

	Balance 1/1/2020	Funding 2020	Interest Allocation 2020	Transfer 2020	Expenditures 2020	Balance 12/31/2020
Roofs	\$ 137,746	\$ 29,147	\$ 2,383	\$ 35,000	\$ -	\$ 204,276
Painting	26,862	3,329	450	-	-	30,641
Paving	3,303	3,122	45	-	-	6,470
Pool	25,720	4,472	450	-	-	30,642
Dock	67,147	9,642	1,168	-	-	77,957
Total	\$ 260,778	\$ 49,712	\$ 4,496	\$ 35,000	\$ -	\$ 349,986

	Balance 1/1/2019	Funding 2019	Interest Allocation 2019	Transfers 2019	Expenditures 2019	Balance 12/31/2019
Roofs	\$ 113,884	\$ 24,690	\$ 1,034	\$ -	\$ 1,862	\$ 137,746
Painting	19,497	7,174	191	-	-	26,862
Paving	214	3,070	19	-	-	3,303
Pool	23,082	4,308	192	-	1,862	25,720
Dock	52,827	13,841	479	-	-	67,147
Total	\$ 209,504	\$ 53,083	\$ 1,915	\$ -	\$ 3,724	\$ 260,778

La Entrada Del Mar Association, Inc.
SCHEDULE OF FUTURE REPAIRS AND REPLACEMENTS
December 31, 2020

The Board of Directors reviewed its study in 2018 to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were obtained from various sources; such as licensed contractors who inspected the property, invoices from the recent acquisition of replacement of certain common property, and telephone inquiries of licensed contractors for estimated costs to replace.

The Association uses the pooling method to fund reserves.

<u>Compoments</u>	<u>Original Years</u>	<u>Remaining Years</u>	<u>Estimated Replacement Cost</u>	<u>2021 Funding</u>	<u>Fund Balance at 12/31/20</u>
Roofs	20	1	\$ 205,000	\$ 5,000	\$ 204,276
Painting	8	7	45,000	2,150	30,641
Paving	20	18	60,000	3,000	6,470
Pool	15	14	34,000	300	30,642
Dock	30	2	200,000	60,000	77,957
			<u>\$ 544,000</u>	<u>\$70,450</u>	<u>\$ 349,986</u>