

**FAIRWAY ISLES AT BAYSIDE LAKES HOMEOWNERS
ASSOCIATION, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**WILLIAM A. JACKSON & COMPANY
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**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
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William A. Jackson & Company
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
Fairway Isles at Bayside Lakes Homeowners Association Inc.

Management is responsible for the accompanying financial statements of Fairway Isles at Bayside Lakes Homeowners Association Inc. , which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

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 8 through page 10 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, 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 not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

February 26, 2024

A handwritten signature in black ink that reads "William A. Jackson, CPA". The signature is written in a cursive style with a horizontal line through the middle of the name.

William A. Jackson & Company
Melbourne, Florida

**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023**

	Operating Fund	Reserve Fund	Total
Assets			
Cash, including interest-bearing deposits	\$ 423	\$ 261,959	\$ 262,382
Assessments Receivable, net of Allowance for Bad Debt of \$1,535	6,337	-	6,337
Due from operating	-	1,525	1,525
Prepaid Expenses	19,023	-	19,023
Prepaid Insurance	9,029	-	9,029
Total Assets	\$ 34,812	\$ 263,484	\$ 298,296
 Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 16,610	\$ -	\$ 16,610
Due to Reserve	1,525	-	1,525
Prepaid Assessments	18,806	-	18,806
Total Liabilities	36,941	-	36,941
Fund balance	(2,129)	263,484	261,355
Total Liabilities and Fund Balance	\$ 34,812	\$ 263,484	\$ 298,296

See accompanying notes and accountants compiled report.

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**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Fund	Reserve Fund	Total
Revenues			
Assessments	\$ 223,865	\$ 9,151	\$ 233,016
Late Fees	409	-	409
Misc. Income	621	-	621
Interest Income	-	450	450
Total Revenues	<u>224,895</u>	<u>9,601</u>	<u>234,496</u>
Expenses			
Accounting Fees	2,000	-	2,000
Contingency	1,707	-	1,707
Insurance	12,632	-	12,632
HOA Fees	17,936	-	17,936
Legal	1,240	-	1,240
Maintenance - Building	9,840	-	9,840
Maintenance - Lawn & Grounds	92,392	-	92,392
Maintenance - Irrigation	65,119	-	65,119
Maintenance - Fire & Security	6,193	-	6,193
Maintenance - Pool	2,551	-	2,551
Maintenance - Pond	2,217	-	2,217
Major Repairs & Replacement	-	15,688	15,688
Management Fees	12,768	-	12,768
Office Expense	2,944	-	2,944
Utilities - Telephone	3,012	-	3,012
Utilities - Water & Sewer	854	-	854
Utilities - Electric	11,395	-	11,395
Utilities - Gas	3,341	-	3,341
Total Expenses	<u>248,141</u>	<u>15,688</u>	<u>263,829</u>
Excess (Deficit) of Revenues Over Expenses	(23,246)	(6,087)	(29,333)
Prior Period adjustment	1,500	-	1,500
Fund Balance, January 1, 2023	<u>19,617</u>	<u>269,571</u>	<u>289,188</u>
Fund Balance, December 31, 2023	<u>\$ (2,129)</u>	<u>\$ 263,484</u>	<u>\$ 261,355</u>

See accompanying notes and accountants compiled report.

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**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Fund	Reserve Fund	Total
Cash flows from operating activities:			
Excess of revenues over expenses:	\$ (23,246)	\$ (6,087)	\$ (29,333)
Adjustments to reconcile excess of revenues over expenses to net cash provided by (used) in operating activities:			
(Increase) Decrease in:			
Assessments receivable	5,958	-	5,958
Prepaid Insurance	(2,954)	-	(2,954)
Prepaid Expense	(19,023)	-	(19,023)
Due to/Due from	1,525	(1,525)	-
Increase (Decrease) in:			
Accounts payable	14,306	-	14,306
Prepaid assessments	(16,231)	-	(16,231)
Net cash provided (used) by operating activities:	(39,665)	(7,612)	(47,277)
Prior Period Adjustment	1,500	-	1,500
Cash at January 1, 2023	38,588	269,571	308,159
Cash at December 31, 2023	\$ 423	\$ 261,959	\$ 262,382

SUPPLEMENTAL DISCLOSURE

No income taxes were paid in 2023.

**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 – NATURE OF ORGANIZATION

Fairway Isles at Bayside Homeowners Association, Inc. (the Association) was incorporated as a not-for-profit corporation in the State of Florida on May 15, 2001. The Association is responsible for the operation and maintenance of the common property within the development. The development is located in Palm Bay, Florida and consist of 133 individual residential homes, a clubhouse, and various common areas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

The Association's 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 the principles of 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 the day-to-day activities of the Association, including the general management and upkeep of the common property.

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

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Association considers all unrestricted highly liquid investments to be cash equivalents, including time deposits and certificates of deposit.

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses. There is a monthly regular membership assessment. For the year ended December 31, 2023, the operating assessment was \$146 per month per unit with \$5.73 per month per unit allocated to the reserve fund. The regular monthly assessment for 2024 is \$160 per month per unit with \$5.03 allocated to the reserve fund.

Late Fee Policy

The Association's policy is to apply a late fee of \$25 on the properties of unit owners whose assessments are 30 days or more delinquent. The Association may also charge interest at the rate of 12% per year, until the assessments are paid in full. Any excess assessments at year-end are retained by the Association for use in future years.

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Actual results may differ from estimated amounts.

**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Association may be taxed either as a homeowner's association or as a regular corporation. For the year ended December 31, 2023, the Association elected to be taxed as a homeowner's association. Under that election, the Association is taxed only on its non-membership income, such as interest earnings, at a flat rate of thirty percent (30%). No federal income taxes were incurred for the year ended December 31, 2023.

Property & Equipment

Real property and common areas acquired from the developer 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. As a result, improvements to the real property and common areas are expensed as incurred.

NOTE 3 – COVID-19 PANDEMIC

Subsequent to December 31, 2019, markets have been negatively impacted by a novel strain of coronavirus (COVID-19), which was declared a pandemic by the World Health Organization (WHO) on March 11, 2020. The continued spread of COVID-19 and the actions being taken by governments, businesses, and individuals to limit this pandemic may adversely impact operations, including, among others, increasing the credit risk of owners and collectability of owner assessments. This has resulted in significant economic uncertainty, of which the potential impact to the Association's future financial results is difficult to measure.

NOTE 4 – SUBSEQUENT EVENTS

The Association has evaluated its subsequent events through February 26, 2024, which was the date that the accompanying financial statements were issued. The Association had no material subsequent events requiring disclosure.

NOTE 5 - FASB ASC 606

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 has chosen not to adopt the new guidance. The reserves funds on December 31, 2022 totaled \$269,571, by December 31, 2023 they increased to \$263,484. These funds are restricted to major repairs and replacements.

**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

In accordance with Florida Statutes, the Association’s governing documents require funds to be accumulated for future major repairs and replacements if not waived at an annual meeting in which a majority of the owners agree. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The Association’s management conducted an informal reserve study to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates were based on future estimated replacement costs. The table included in the unaudited supplementary information on Future Major Repairs and Replacements is based on that study. The Association is funding for major repairs and replacements over the remaining useful lives of the components based on the study’s estimates of future replacement costs and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available.

Description	Balance 01/01/23	Member Assessments	Disburse- ments	Balance 12/31/23
Bridge	\$ 23,689	\$ 2,742	-	\$ 26,431
Furniture	1,959	270	-	2,229
Painting	5,608	-	-	5,608
Pool	10,952	1,000	6,069	5,883
Roads	86,076	1,920	-	87,996
Sealcoat	22,964	-	-	22,964
Roof	7,257	-	-	7,257
Security Gate	20,446	1,515	9,619	12,342
Well/Pumps	5,795	1,704	-	7,499
Other Contingency	65,270	-	-	65,270
Interest	11,437	450	-	11,887
Insurance	8,118	-	-	8,118
Totals	<u>\$ 269,571</u>	<u>\$ 9,601</u>	<u>\$ 15,688</u>	<u>\$ 263,484</u>

See accompanying notes and accountants compiled report.
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SUPPLEMENTARY INFORMATION

**FAIRWAY ISLES AT BAYSIDE LAKES
HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2023**

The Association's management conducted a informal study to estimate the remaining useful lives and the current replacement costs of the components of common property. Estimated current replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since that date and do not take into account the effects of interest rate changes or inflation between the date of the study and the date that the components will require repair or replacement. Actual expenditures may vary from the estimated replacement costs and the variations may be material.

Had a formal study been conducted, additional assets requiring future major repairs and replacement may have been identified and differing estimated remaining useful lives and replacement costs may have been determined.

The following information is based on the study and presents significant information about the components of common property. (Estimated amounts rounded to the nearest thousand dollars)

Description	Average Estimated Useful Life	Average Estimated Remaining Useful Life	Estimated Current Replacement Costs	Current Replacement Fund	2024 Proposed Budgeting Requirements
Bridge	50 years	27 years	\$ 100,000	\$ 26,431	\$ 2,641
Furniture	5 years	2 years	2,500	2,229	135
Painting	5 years	-	4,000	5,608	-
Pool	10 years	5 years	25,000	5,883	799
Roads	25 years	9 years	100,000	87,996	1,685
Sealcoat	5 years	2 years	20,000	22,964	-
Roof	20 years	-	6,500	7,257	-
Security Gate	20 years	3 years	25,000	12,342	2,770
Well/Pumps	8 years	2 years	10,000	7,499	-
Other Contingency	-	-	-	65,270	-
Interest	-	-	-	11,887	-
Insurance	-	-	-	8,118	-
Totals			<u>\$ 293,000</u>	<u>\$ 263,484</u>	<u>\$ 8,030</u>

See accompanying notes and accountants compiled report.