THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

December 31, 2022

CONTENTS

LerroSarbey
tax • assurance • advisory

1499 West Palmetto Park Road, Suite 107 • Boca Raton, FL 33486
500 East Broward Blvd, Suite 1650 • Fort Lauderdale, FL 33394

Independent Accountants' Review Report

To the Board of Directors of
The Village At Lake Pine II Homeowners' Association, Inc.:

We have reviewed the accompanying financial statements of The Village At Lake Pine II Homeowners' Association, Inc., which comprise the balance sheet as of December 31, 2022, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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 that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards 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.

We are required to be independent of The Village At Lake Pine II Homeowners' Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' 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 accordance with accounting principles generally accepted in the United States of America.

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 9 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. Such 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 it.

Lerro Sarbey, PLLC

February 24, 2025

Phone: 561-995-0064 • Fax: 561-995-7551 • www.LerroSarbey.com

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Balance Sheet

December 31, 2022

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	$ 19,558	$ 249,095	$ 268,653
Assessments receivable, net of allowance for doubtful accounts of $8,989	2,413	-	2,413
Due from operating fund	-	226,239	226,239
Prepaid expenses and other assets	11,161	-	11,161
Total assets	$ 33,132	$ 475,334	$ 508,466
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities:			
Accounts payable and accrued expenses	$ 85,737	$ -	$ 85,737
Due to replacement fund	226,239	-	226,239
Assessments received in advance	-	443,400	443,400
Prepaid assessments	28,112	-	28,112
Total liabilities	340,088	443,400	783,488
Fund balance (deficit)	(306,956)	31,934	(275,022)
Total liabilities and fund balance (deficit)	$ 33,132	$ 475,334	$ 508,466

See accompanying notes and independent accountants' review report.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Statement of Revenues and Expenses
and Changes in Fund Balances

Year Ended December 31, 2022

	Operating Fund	Replacement Fund	Total
Revenues:			
Member assessments earned	$ 634,175	$ 510,329	$ 1,144,504
Interest income	6	1,198	1,204
Other income	2,387	-	2,387
Total revenues	636,568	511,527	1,148,095
Operating expenses:			
Grounds maintenance	131,150	-	131,150
Legal and professional	103,489	-	103,489
General repairs and maintenance	76,046	-	76,046
Management fees	58,905	-	58,905
Payroll and taxes	48,686	-	48,686
Insurance	46,881	-	46,881
General supplies	30,438	-	30,438
Electric	26,096	-	26,096
Irrigation repairs and maintenance	23,529	-	23,529
Tree trimming	20,356	-	20,356
Landscaping	18,814	-	18,814
Office supplies, postage and other expenses	18,253	-	18,253
Pool maintenance and repair	15,058	-	15,058
Electrical and plumbing repairs	11,183	-	11,183
Telephone	3,480	-	3,480
Water and sewer	3,028	-	3,028
Lake maintenance	2,351	-	2,351
Operating expenses	637,743	-	637,743
Major repairs and replacements	-	510,329	510,329
Total expenses	637,743	510,329	1,148,072
Excess (deficit) revenues over expenses	(1,175)	1,198	23
Beginning fund balance (deficit)	(305,781)	30,736	(275,045)
Ending fund balance (deficit)	$ (306,956)	$ 31,934	$ (275,022)

See accompanying notes and independent accountants' review report.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Statement of Cash Flows

Year Ended December 31, 2022

	Operating Fund	Replacement Fund	Total
Operating activities:			
Excess (deficit) revenues over expenses	$ (1,175)	$ 1,198	$ 23
Adjustments to reconcile excess (deficit) revenues over expenses to net cash provided by (used in) operating activities:			
Recoveries of bad debt provision	(8,554)	-	(8,554)
Changes in assets and liabilities:			
Assessments receivable	8,353	-	8,353
Prepaid expenses and other assets	1,027	-	1,027
Accounts payable and accrued expenses	67,570	-	67,570
Assessments received in advance	-	(356,869)	(356,869)
Prepaid assessments	4,997	-	4,997
Net cash provided by (used in) operating activities	72,218	(355,671)	(283,453)
Financing activities:			
Inter-fund transfers, net	(139,638)	139,638	-
Net cash provided by (used in) financing activities	(139,638)	139,638	-
Decrease in cash and cash equivalents	(67,420)	(216,033)	(283,453)
Cash and cash equivalents:			
Beginning of year	86,978	465,128	552,106
End of year	$ 19,558	$ 249,095	$ 268,653

See accompanying notes and independent accountants' review report.

1. Organization

The Village at Lake Pine II Homeowners' Association, Inc. (the "Association") is a statutory condominium association organized as a not-for-profit corporation under the laws of the State of Florida on July 26, 1984. The Association is responsible for maintaining and preserving the common property of the Association community, which consists of 256 residential units and certain common area property located on approximately 46.3 acres in Davie, Florida. The Association is governed by a member-elected board of directors (the "Board") which is responsible for enforcing provisions of the governing documents. Membership in the Association is mandatory by virtue of unit ownership.

2. Summary of Significant Accounting Policies

Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Fund accounting:

The financial statements have been prepared using fund accounting, which requires that funds, such as operating funds and funds designated for capital replacements and deferred maintenance, be accounted for separately, to ensure observance of limitations and restrictions on the use of financial resources. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

<u>Operating fund</u> - This fund is used to account for financial resources available for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board.

<u>Replacement fund</u> - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association. The restricted reserve fund includes activities related to special assessments levied by the Association for future major repairs and replacements and other nonoperating purposes. Disbursements from the replacement fund generally may be made only for their designated purpose.

Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires Association 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. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

The Association considers all unrestricted deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Assessments receivable:

Assessments receivable are stated at amounts expected to be collected from outstanding assessments. The Association's policy is to retain legal counsel and place liens on the properties for which assessments are thirty days or more delinquent. Management determines the allowance for doubtful accounts by regularly evaluating historical experience and current economic trends, and by performing individual account analyses. Individual accounts are written off when deemed uncollectible.

Assessments receivable, net of allowance for doubtful accounts approximated $2,000 at both December 31, 2022 and 2021, respectively.

(continued)

2. Summary of Significant Accounting Policies (continued)

Property and equipment:

The Association capitalizes only property and equipment which it acquires and owns directly. Real and personal common property owned in common by the unit owners, not the Association, is not reported in the accompanying financial statements. Property and equipment acquired by the Association is stated at cost less accumulated depreciation and is depreciated on a straight-line basis over the estimated useful life of the asset. Repair and maintenance costs are expensed as incurred. Replacements and major repairs are accounted for as expenditures in the restricted reserve fund.

Revenue recognition and member assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, major repairs and replacements, and any other specifically designated purposes. Assessment revenue is recognized at amounts to which the Association expects to be entitled in exchange for the transfer of promised services, as the related performance obligations are satisfied. Performance obligations related to operating assessments are satisfied over time on a daily pro-rata basis using the input method. Performance obligations related to restricted reserve fund assessments are satisfied at the point in time when the funds are expended for their designated purpose. Assessments are due in advance, payable on the first day of the calendar month.

The annual budget and member assessments are determined by the Board. Any excess operating funds at year end are retained by the Association for use in future operating periods.

Contract assets and liabilities:

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported as of December 31, 2022 or 2021. Contract liabilities represent amounts collected in advance of the contract period or to which the Association has the right to receive payment in advance of the satisfaction of performance obligations. These liabilities are reported in the accompanying Balance sheet as Assessments received in advance, which approximated $443,000 and $800,000 (not audited, reviewed or compiled) and Prepaid assessments, which approximated $28,000 and $23,000 (not audited, reviewed or compiled) at December 31, 2022 and 2021, respectively.

Interest earned:

Interest earned by each fund on their respective interest earning accounts is retained in the respective fund and reported as Interest income in the accompanying Statement of revenues and expenses and changes in fund balances. Income taxes, if any, on the interest earned by the replacement fund are recorded in and paid from the operating fund.

Income taxes:

The Association may be taxed either as a homeowners' association or as a regular corporation. For the year ended December 31, 2022, the Association has elected and qualified to be taxed as a homeowners' association. As such, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest, at regular federal and state corporate rates.

U.S. GAAP requires the Association to evaluate tax positions taken, and to recognize a tax liability if the Association has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Association has analyzed the tax positions taken and has concluded that as of December 31, 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. There are no open federal or state tax years under audit. The Association did not record any income tax expense in 2022.

(continued)

2. Summary of Significant Accounting Policies (continued)

Concentration of credit risk:

Cash is maintained with reputable financial institutions in immediately withdrawable accounts. Balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2022, deposits with banks were less than the FDIC limit. The Association has not experienced, nor does it anticipate, any losses in such accounts.

Subsequent events:

Subsequent events were evaluated through February 24, 2025, which is the date on which the financial statements were available to be issued.

3. Disaggregated Revenue Information

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenues over time with the exception of replacement fund assessments, which are recognized at the point in time when the funds are expended for their designated purpose.

Revenue is generated from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenues and cash flows. Disaggregated revenue information is as follows for the year ended December 31, 2022:

Revenue recognized over time:	
Member assessments earned	$ 634,175
Miscellaneous income	2,387
Total revenue recognized over time	636,562
Revenue recognized at a point in time:	
Replacement fund member assessments earned	510,329
Interest income	1,204
Total revenues	$ 1,148,095

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2022:

Equipment	$ 14,967
Office equipment	1,175
Furniture and fixtures	2,226
	18,368
Less: accumulated depreciation	(18,368)
Property and equipment, net	$ -

Depreciation expense was $0 for the year ended December 31, 2022.

5. Commitment

Effective November 20, 2022, the Association entered into an agreement to pay the Association's annual insurance premium in the amount of $60,997 in 11 monthly installments of $5,711, including the finance charge at an annual rate of 5.95%, through October 2023, plus a down payment amount of $6,685.

6. Future Major Repairs and Replacements and Related Contingency

The Association's governing documents and Florida statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. Such funds are held in separate bank accounts and are generally not available for expenditures for normal operations.

The Association has completed a study of its common area major components to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated useful and remaining lives and the current replacement costs of those components, as well as the reasonableness of significant funding assumptions, including but not limited to the projected cost increase and interest earning rates.

The accompanying Supplementary information on future major repairs and replacements is based on such study by the Association.

The Association is accumulating funds in the restricted reserve fund based on estimated future costs for repair and replacement of common area property. Actual expenditures may vary from estimated amounts, and such variances may be material. Consequently, amounts accumulated in the restricted reserve fund may not be adequate to meet all future major repair and replacement costs.

The Association has voted to not fully fund for major repairs and replacements.

In the event additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, and delay major repairs and replacements until funds are available.

The following represents an analysis of the various components of contract liabilities in the replacement fund for the year ended December 31, 2022:

	Balance January 1, 2022	Assessments Billed and Interest Income	Expenditures	Balance December 31, 2022
Roof replacement	$ (146,257)	$ 71,244	$ (104,955)	$ (179,968)
Exterior painting	111,922	6,270	-	118,192
Shingle replacement	625,402	25,968	-	651,370
Fence replacement	(90,789)	4,875	(87,254)	(173,168)
Pool	20,475	5,605	-	26,080
Road overlay	334,697	34,000	(318,120)	50,577
Storm drain	6,535	1,673	-	8,208
Tennis court	(22,564)	457	-	(22,107)
Playground	(65,208)	368	-	(64,840)
Disaster reserve	26,056	3,000	-	29,056
	$ 800,269	$ 153,460	$ (510,329)	$ 443,400
Fund balance - interest on reserves	$ 30,736	$ 1,198	$ -	$ 31,934

SUPPLEMENTARY INFORMATION
(No Assurance Provided)

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Supplementary Information on Future Major Repairs
And Replacements

December 31, 2022
(No Assurance Provided)

Association management has conducted a study to estimate the remaining useful lives and the current replacement costs of the major components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study and do not take into account the effects of future inflation between the date of the study and the date of repair or replacement.

The following table presents management's assumptions regarding the estimated useful life, current replacement or repair costs and the resulting estimated funding requirement by major component as of December 31, 2022:

Component	Estimated Useful Life in (Years)	Estimated Remaining Life in (Years)	Estimated Current Replacement or Repair Costs	Balance at December 31, 2022	2023 Funding Requirement
Roof replacement	20	15	$ 1,500,000	$ (179,968)	$ 107,681
Exterior painting	7	0	120,000	118,192	1,810
Shingle replacement	30	20	1,400,000	651,370	37,431
Fence replacement	15	5	75,000	(173,168)	41,654
Pool	15-20	12	95,000	26,080	5,426
Road overlay	10	0	400,000	50,577	20,000
Storm drain	30	25	20,000	8,208	472
Courts resurface	10	5	30,000	(22,107)	10,421
Playground	20	20	40,000	(64,840)	5,242
Disaster reserve	10	0	60,000	29,056	3,094
			$ 3,740,000	$ 443,400	$ 233,231

The full funding requirement was waived by the Association for 2023.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

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THE VILLAGE AT LAKE PINE II
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December 31, 2023

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Independent Auditors' Report
On the Balance Sheet

To the Board of Directors of
The Village At Lake Pine II Homeowners' Association, Inc.:

Opinion on the Balance Steet as of December 31, 2023

We have audited the accompanying balance sheet of The Village At Lake Pine II Homeowners' Association, Inc. as of December 31, 2023, and the related notes (collectively the "balance sheet").

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of The Village At Lake Pine II Homeowners' Association, Inc. as of December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion on the Balance Sheet as of December 31, 2023

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Balance Sheet as of December 31, 2023 section of our report. We are required to be independent of The Village At Lake Pine II Homeowners' Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Balance Sheet as of December 31, 2023

Management is responsible for the preparation and fair presentation of the balance sheet in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the balance sheet that is free from material misstatement, whether due to fraud or error.

In preparing the balance sheet, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village At Lake Pine II Homeowners' Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statement is available to be issued.

Auditors' Responsibilities for the Audit of the Balance Sheet as of December 31, 2023

Our objectives are to obtain reasonable assurance about whether the balance sheet as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the balance sheet, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the balance sheet.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Village At Lake Pine II Homeowners' Association, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the balance sheet.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village At Lake Pine II Homeowners' Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Statements of Revenues, Expenses, and Changes in Fund Balances and Cash Flows

We do not express an opinion on the results of operations and cash flows for the year ended December 31, 2023. Because we were not engaged to audit the statements of revenues, expenses and changes in fund balances and cash flows, we did not extend our auditing procedures to enable us to express an opinion on the results of operations and cash flows for the year ended December 31, 2023.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such 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 it.

Lerro Sarbey, PLLC

February 24, 2025

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Independent Accountants' Review Report
on the
Statements of Revenues, Expenses and Changes in Fund Balances and Cash Flows

To the Board of Directors of
The Village At Lake Pine II Homeowners' Association, Inc.:

We have reviewed the accompanying statements of revenues, expenses, and changes in fund balance and cash flows of The Village At Lake Pine II Homeowners' Association, Inc., for the year ended December 31, 2023, and the related notes to the reviewed financial statements (collectively, the "reviewed financial statements"). A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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 Reviewed Financial Statements

Management is responsible for the preparation and fair presentation of the reviewed 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 reviewed financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility for the Reviewed Financial Statements

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards 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 reviewed 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.

We are required to be independent of The Village At Lake Pine II Homeowners' Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion on the Reviewed Financial Statements

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

Lerro Sarbey, PLLC

February 24, 2025

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Balance Sheet

December 31, 2023

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	$ 81,545	$ 113,163	$ 194,708
Assessments receivable, net of allowance for credit losses of $8,989	19,707	-	19,707
Due from operating fund	-	228,718	228,718
Prepaid expenses and other assets	2,678	-	2,678
Total assets	$ 103,930	$ 341,881	$ 445,811
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities:			
Accounts payable and accrued expenses	$ 92,902	$ -	$ 92,902
Due to replacement fund	228,718	-	228,718
Assessments received in advance	-	309,701	309,701
Prepaid assessments	33,894	-	33,894
Total liabilities	355,514	309,701	665,215
Fund balance (deficit)	(251,584)	32,180	(219,404)
Total liabilities and fund balance (deficit)	$ 103,930	$ 341,881	$ 445,811

See accompanying notes and independent auditors' report on the balance sheet.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Statement of Revenues, Expenses
and Changes in Fund Balances

Year Ended December 31, 2023
(Reviewed)

	Operating Fund	Replacement Fund	Total
Revenues:			
Member assessments earned	$ 599,603	$ 355,732	$ 955,335
Interest income	8	246	254
Other income	3,328	-	3,328
Total revenues	602,939	355,978	958,917
Operating expenses:			
Management fees	58,905	-	58,905
Legal and professional	12,417	-	12,417
Insurance	81,617	-	81,617
Payroll and taxes	53,402	-	53,402
Office supplies, postage and other expenses	18,351	-	18,351
Electric	25,874	-	25,874
Water and sewer	6,245	-	6,245
Telephone	3,682	-	3,682
General repairs and maintenance	66,808	-	66,808
Electrical and plumbing repairs	9,878	-	9,878
General supplies	34,105	-	34,105
Irrigation repairs and maintenance	14,800	-	14,800
Lake maintenance	2,817	-	2,817
Grounds maintenance	132,140	-	132,140
Tree trimming	13,153	-	13,153
Landscaping	1,878	-	1,878
Pool maintenance and repair	11,495	-	11,495
Operating expenses	547,567	-	547,567
Major repairs and replacements	-	355,732	355,732
Total expenses	547,567	355,732	903,299
Excess revenues over expenses	55,372	246	55,618
Beginning fund balance (deficit)	(306,956)	31,934	(275,022)
Ending fund balance (deficit)	$ (251,584)	$ 32,180	$ (219,404)

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Statement of Cash Flows

Year Ended December 31, 2023
(Reviewed)

	Operating Fund	Replacement Fund	Total
Operating activities:			
Excess revenues over expenses	$ 55,372	$ 246	$ 55,618
Adjustments to reconcile excess revenues over expenses to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Assessments receivable	(17,294)	-	(17,294)
Prepaid expenses and other assets	8,483	-	8,483
Accounts payable and accrued expenses	7,165	-	7,165
Assessments received in advance	-	(133,699)	(133,699)
Prepaid assessments	5,782	-	5,782
Net cash provided by (used in) operating operating activities	59,508	(133,453)	(73,945)
Financing activities:			
Inter-fund transfers, net	2,479	(2,479)	-
Net cash provided by (used in) financing activities	2,479	(2,479)	-
Increase (decrease) in cash and cash equivalents	61,987	(135,932)	(73,945)
Cash and cash equivalents:			
Beginning of year	19,558	249,095	268,653
End of year	$ 81,545	$ 113,163	$ 194,708

See accompanying notes and independent accountants' review report on the statements of revenues, expenses and changes in fund balances and cash flows.

1. Organization

The Village at Lake Pine II Homeowners' Association, Inc. (the "Association") is a statutory condominium association organized as a not-for-profit corporation under the laws of the State of Florida on July 26, 1984. The Association is responsible for maintaining and preserving the common property of the Association community, which consists of 256 residential units and certain common area property located on approximately 46.3 acres in Davie, Florida. The Association is governed by a member-elected board of directors (the "Board") which is responsible for enforcing provisions of the governing documents. Membership in the Association is mandatory by virtue of unit ownership.

2. Summary of Significant Accounting Policies

Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Fund accounting:

The financial statements have been prepared using fund accounting, which requires that funds, such as operating funds and funds designated for capital replacements and deferred maintenance, be accounted for separately, to ensure observance of limitations and restrictions on the use of financial resources. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

<u>Operating fund</u> - This fund is used to account for financial resources available for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board.

<u>Replacement fund</u> - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association. The restricted reserve fund includes activities related to special assessments levied by the Association for future major repairs and replacements and other nonoperating purposes. Disbursements from the replacement fund generally may be made only for their designated purpose.

Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires Association 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. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

The Association considers all unrestricted deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Assessments receivable:

Assessments receivable are stated at amounts expected to be collected from outstanding assessments. The Association's policy is to retain legal counsel and place liens on the properties for which assessments are thirty days or more delinquent. Management determines the allowance for credit losses by regularly evaluating historical experience and current economic trends, and by performing individual account analyses. Individual accounts are written off when deemed uncollectible.

Assessments receivable, net of allowance for credit losses approximated $20,000 and $2,000 at December 31, 2023 and 2022, respectively.

(continued)

2. Summary of Significant Accounting Policies (continued)

Property and equipment:

The Association capitalizes only property and equipment which it acquires and owns directly. Real and personal common property owned in common by the unit owners, not the Association, is not reported in the accompanying financial statements. Property and equipment acquired by the Association is stated at cost less accumulated depreciation and is depreciated on a straight-line basis over the estimated useful life of the asset. Repair and maintenance costs are expensed as incurred. Replacements and major repairs are accounted for as expenditures in the restricted reserve fund.

Revenue recognition and member assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, major repairs and replacements, and any other specifically designated purposes. Assessment revenue is recognized at amounts to which the Association expects to be entitled in exchange for the transfer of promised services, as the related performance obligations are satisfied. Performance obligations related to operating assessments are satisfied over time on a daily pro-rata basis using the input method. Performance obligations related to restricted reserve fund assessments are satisfied at the point in time when the funds are expended for their designated purpose. Assessments are due in advance, payable on the first day of the calendar month.

The annual budget and member assessments are determined by the Board. Any excess operating funds at year end are retained by the Association for use in future operating periods.

Contract assets and liabilities:

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported as of December 31, 2023 or 2022. Contract liabilities represent amounts collected in advance of the contract period or to which the Association has the right to receive payment in advance of the satisfaction of performance obligations. These liabilities are reported in the accompanying Balance sheet as Assessments received in advance, which approximated $310,000 and $443,000 and Prepaid assessments which approximated $34,000 and $28,000 at December 31, 2023 and 2022, respectively.

Interest earned:

Interest earned by each fund on their respective interest earning accounts is retained in the respective fund and reported as Interest income in the accompanying Statement of revenues, expenses and changes in fund balances. Income taxes, if any, on the interest earned by the replacement fund are recorded in and paid from the operating fund.

Income taxes:

The Association may be taxed either as a homeowners' association or as a regular corporation. For the year ended December 31, 2023, the Association has elected and qualified to be taxed as a homeowners' association. As such, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest, at regular federal and state corporate rates.

U.S. GAAP requires the Association to evaluate tax positions taken, and to recognize a tax liability if the Association has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Association has analyzed the tax positions taken and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. There are no open federal or state tax years under audit. The Association did not record any income tax expense in 2023 (reviewed).

(continued)

2. Summary of Significant Accounting Policies (continued)

Concentration of credit risk:

Cash is maintained with reputable financial institutions in immediately withdrawable accounts. Balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2023, deposits with banks were less than the FDIC limit. The Association has not experienced, nor does it anticipate, any losses in such accounts.

Subsequent events:

Subsequent events were evaluated through February 24, 2025, which is the date on which the financial statements were available to be issued.

3. Disaggregated Revenue Information (Reviewed)

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenues over time with the exception of replacement fund assessments, which are recognized at the point in time when the funds are expended for their designated purpose.

Revenue is generated from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenues and cash flows. Disaggregated revenue information is as follows for the year ended December 31, 2023 (reviewed):

Revenue recognized over time:	
Member assessments earned	$ 599,603
Miscellaneous income	3,328
Total revenue recognized over time	602,931
Revenue recognized at a point in time:	
Replacement fund member assessments earned	355,732
Interest income	254
Total revenues	$ 958,917

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2023:

Equipment	$ 14,967
Office equipment	1,175
Furniture and fixtures	2,226
	18,368
Less: accumulated depreciation	(18,368)
Property and equipment, net	$ -

Depreciation expense was $0 (reviewed) for the year ended December 31, 2023

5. Commitment

Effective November 17, 2023, the Association entered into an agreement to pay the Association's annual insurance premium in the amount of $81,077 in 11 monthly installments of $7,370, including the finance charge at an annual rate of 8.8%, through October 2024, plus a down payment amount of $7,029.

6. Future Major Repairs and Replacements and Related Contingency

The Association's governing documents and Florida statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. Such funds are held in separate bank accounts and are generally not available for expenditures for normal operations.

The Association has completed a study of its common area major components to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated useful and remaining lives and the current replacement costs of those components, as well as the reasonableness of significant funding assumptions, including but not limited to the projected cost increase and interest earning rates.

The accompanying Supplementary information on future major repairs and replacements is based on such study by the Association.

The Association is accumulating funds in the restricted reserve fund based on estimated future costs for repair and replacement of common area property. Actual expenditures may vary from estimated amounts, and such variances may be material. Consequently, amounts accumulated in the restricted reserve fund may not be adequate to meet all future major repair and replacement costs.

The Association has voted to not fully fund for major repairs and replacements. In the event additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, and delay major repairs and replacements until funds are available.

The following represents an analysis of the various components of contract liabilities in the replacement fund for the year ended December 31, 2023:

	Balance January 1, 2023	Assessments Billed and Interest Income (Reviewed)	Expenditures	Balance December 31, 2023
Roof replacement	$ (179,968)	$ 107,682	$ (287,801)	$ (360,087)
Exterior painting	118,192	1,808	-	120,000
Shingle replacement	651,370	37,671	-	689,041
Fence replacement	(173,168)	30,217	(19,286)	(162,237)
Pool	26,080	5,426	-	31,506
Road overlay	50,577	20,000	(48,645)	21,932
Storm drain	8,208	472	-	8,680
Tennis court	(22,107)	10,421	-	(11,686)
Playground	(64,840)	5,242	-	(59,598)
Disaster reserve	29,056	3,094	-	32,150
	$ 443,400	$ 222,033	$ (355,732)	$ 309,701
Fund balance - interest on reserves	$ 31,934	$ 246	$ -	$ 32,180

SUPPLEMENTARY INFORMATION
(No Assurance Provided)

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Supplementary Information on Future Major Repairs
And Replacements

December 31, 2023
(No Assurance Provided)

Association management has conducted a study to estimate the remaining useful lives and the current replacement costs of the major components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study and do not take into account the effects of future inflation between the date of the study and the date of repair or replacement.

The following table presents management's assumptions regarding the estimated useful life, current replacement or repair costs and the resulting estimated funding requirement by major component as of December 31, 2023:

Component	Estimated Useful Life in (Years)	Estimated Remaining Life in (Years)	Estimated Current Replacement or Repair Costs	Balance at December 31, 2023	2024 Funding Requirement
Roof replacement	20	14	$ 1,500,000	$ (360,087)	$ 132,863
Exterior painting	7	1	120,000	120,000	-
Shingle replacement	30	19	1,400,000	689,041	37,419
Fence replacement	15	4	75,000	(162,237)	59,309
Pool	15-20	10-12	95,000	31,506	5,427
Road overlay	20	19	400,000	21,932	19,898
Storm drain	30	24	20,000	8,680	472
Courts resurface	10	4	30,000	(11,686)	10,421
Playground	20	19	40,000	(59,598)	5,242
Disaster reserve	10	9	60,000	32,150	3,094
			$ 3,740,000	$ 309,701	$ 274,145

The full funding requirement was waived by the Association for 2024.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

December 31, 2024

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LerroSarbey
tax • assurance • advisory
1499 West Palmetto Park Road, Suite 107 • Boca Raton, FL 33486
500 East Broward Blvd, Suite 1650 • Fort Lauderdale, FL 33394

Independent Auditors' Report

To the Board of Directors of
The Village At Lake Pine II Homeowners' Association, Inc.:

Opinion

We have audited the accompanying financial statements of The Village At Lake Pine II Homeowners' Association, Inc., which comprise the balance sheet as of December 31, 2024, and the related statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Village At Lake Pine II Homeowners' Association, Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Village At Lake Pine II Homeowners' Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village At Lake Pine II Homeowners' Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Village At Lake Pine II Homeowners' Association, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Village At Lake Pine II Homeowners' Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that supplementary information on future major repairs and replacements on page 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such 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 it.

Lerro Sarbey, PLLC

August 20, 2025

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Balance Sheet

December 31, 2024

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	$ 25,664	$ 440,305	$ 465,969
Assessments receivable, net of allowance for credit losses of $8,989	6,010	-	6,010
Due from operating fund	-	176,187	176,187
Prepaid expenses and other assets	9,344	-	9,344
Total assets	$ 41,018	$ 616,492	$ 657,510
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities:			
Accounts payable and accrued expenses	$ 20,908	$ -	$ 20,908
Due to replacement fund	176,187	-	176,187
Assessments received in advance	-	583,846	583,846
Prepaid assessments	42,529	-	42,529
Total liabilities	239,624	583,846	823,470
Fund balance (deficit)	(198,606)	32,646	(165,960)
Total liabilities and fund balance (deficit)	$ 41,018	$ 616,492	$ 657,510

See notes to financial statements.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Statement of Revenues, Expenses
and Changes in Fund Balances

Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Total
Revenues:			
Member assessments earned	$ 710,718	$ -	$ 710,718
Interest income	14	466	480
Other income	162	-	162
Total revenues	710,894	466	711,360
Operating expenses:			
Management fees	61,850	-	61,850
Legal and professional	42,129	-	42,129
Insurance	86,429	-	86,429
Payroll and taxes	54,187	-	54,187
Office supplies, postage and other expenses	9,461	-	9,461
Electric	26,459	-	26,459
Water and sewer	4,579	-	4,579
Telephone	3,648	-	3,648
General repairs and maintenance	151,273	-	151,273
Electrical and plumbing repairs	9,325	-	9,325
General supplies	20,234	-	20,234
Irrigation repairs and maintenance	5,814	-	5,814
Lake maintenance	2,245	-	2,245
Grounds maintenance	165,993	-	165,993
Landscaping	1,344	-	1,344
Pool maintenance and repair	12,946	-	12,946
Operating expenses	657,916	-	657,916
Major repairs and replacements	-	-	-
Total expenses	657,916	-	657,916
Excess revenues over expenses	52,978	466	53,444
Beginning fund balance (deficit)	(251,584)	32,180	(219,404)
Ending fund balance (deficit)	$ (198,606)	$ 32,646	$ (165,960)

See notes to financial statements.

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Statement of Cash Flows

Year Ended December 31, 2024

	Operating Fund	Replacement Fund	Total
Operating activities:			
Excess revenues over expenses	$ 52,978	$ 466	$ 53,444
Adjustments to reconcile excess revenues over expenses to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Assessments receivable	13,697	-	22,251
Prepaid expenses and other assets	(6,666)	-	(6,666)
Accounts payable and accrued expenses	(71,994)	-	(71,994)
Assessments received in advance	-	274,145	274,145
Prepaid assessments	8,635	-	8,635
Net cash provided by (used in) operating operating activities	(3,350)	274,611	271,261
Financing activities:			
Inter-fund transfers, net	(52,531)	52,531	-
Net cash provided by (used in) financing activities	(52,531)	52,531	-
Increase (decrease) in cash and cash equivalents	(55,881)	327,142	271,261
Cash and cash equivalents:	81,545	113,163	194,708
Beginning of year			
End of year	$ 25,664	$ 440,305	$ 465,969

See notes to financial statements.

1. Organization

The Village at Lake Pine II Homeowners' Association, Inc. (the "Association") is a statutory homeowners' association organized as a not-for-profit corporation under the laws of the State of Florida on July 26, 1984. The Association is responsible for maintaining and preserving the common property of the Association community, which consists of 256 residential units and certain common area property located on approximately 46.3 acres in Davie, Florida. The Association is governed by a member-elected board of directors (the "Board") which is responsible for enforcing provisions of the governing documents. Membership in the Association is mandatory by virtue of unit ownership.

2. Summary of Significant Accounting Policies

Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Fund accounting:

The financial statements have been prepared using fund accounting, which requires that funds, such as operating funds and funds designated for capital replacements and deferred maintenance, be accounted for separately, to ensure observance of limitations and restrictions on the use of financial resources. 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. Disbursements from the operating fund are generally at the discretion of the Board.

Replacement fund - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association. The restricted reserve fund includes activities related to special assessments levied by the Association for future major repairs and replacements and other nonoperating purposes. Disbursements from the replacement fund generally may be made only for their designated purpose.

Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires Association 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. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

The Association considers all unrestricted deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Assessments receivable:

Assessments receivable are stated at amounts expected to be collected from outstanding assessments. The Association's policy is to retain legal counsel and place liens on the properties for which assessments are thirty days or more delinquent. Management determines the allowance for credit losses by regularly evaluating historical experience and current economic trends, and by performing individual account analyses. Individual accounts are written off when deemed uncollectible.

Assessments receivable, net of allowance for credit losses approximated $9,000 at December 31, 2024 and 2023.

(continued)

2. Summary of Significant Accounting Policies (continued)

Property and equipment:

The Association capitalizes only property and equipment which it acquires and owns directly. Real and personal common property owned in common by the unit owners, not the Association, is not reported in the accompanying financial statements. Property and equipment acquired by the Association is stated at cost less accumulated depreciation and is depreciated on a straight-line basis over the estimated useful life of the asset. Repair and maintenance costs are expensed as incurred. Replacements and major repairs are accounted for as expenditures in the restricted reserve fund.

Revenue recognition and member assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, major repairs and replacements, and any other specifically designated purposes. Assessment revenue is recognized at amounts to which the Association expects to be entitled in exchange for the transfer of promised services, as the related performance obligations are satisfied. Performance obligations related to operating assessments are satisfied over time on a daily pro-rata basis using the input method. Performance obligations related to restricted reserve fund assessments are satisfied at the point in time when the funds are expended for their designated purpose. Assessments are due in advance, payable on the first day of the calendar month.

The annual budget and member assessments are determined by the Board. Any excess operating funds at year end are retained by the Association for use in future operating periods.

Contract assets and liabilities:

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported as of December 31, 2024 or 2023. Contract liabilities represent amounts collected in advance of the contract period or to which the Association has the right to receive payment in advance of the satisfaction of performance obligations. These liabilities are reported in the accompanying Balance sheet as Assessments received in advance, which approximated $584,000 and $310,000 and Prepaid assessments which approximated $43,000 and $34,000 at December 31, 2024 and 2023, respectively.

Interest earned:

Interest earned by each fund on their respective interest earning accounts is retained in the respective fund and reported as Interest income in the accompanying Statement of revenues, expenses and changes in fund balances. Income taxes, if any, on the interest earned by the replacement fund are recorded in and paid from the operating fund.

Income taxes:

The Association may be taxed either as a homeowners' association or as a regular corporation. For the year ended December 31, 2024, the Association has elected and qualified to be taxed as a homeowners' association. As such, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest, at regular federal and state corporate rates.

U.S. GAAP requires the Association to evaluate tax positions taken, and to recognize a tax liability if the Association has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Association has analyzed the tax positions taken and has concluded that as of December 31, 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. There are no open federal or state tax years under audit. The Association did not record any income tax expense in 2024.

(continued)

2. Summary of Significant Accounting Policies (continued)

Concentration of credit risk:

Cash is maintained with reputable financial institutions in immediately withdrawable accounts. Balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2024, deposits with banks exceeded the FDIC limit by approximately $98,000. The Association has not experienced, nor does it anticipate, any losses in such accounts.

Subsequent events:

Subsequent events were evaluated through August 20, 2025, which is the date on which the financial statements were available to be issued.

3. Disaggregated Revenue Information

The Association's revenue is derived primarily from assessments to its members. The Association generally recognizes its revenues over time with the exception of replacement fund assessments, which are recognized at the point in time when the funds are expended for their designated purpose.

Revenue is generated from various activities and sources having different qualitative factors that may affect the amount, timing, or uncertainty of revenues and cash flows. Disaggregated revenue information is as follows for the year ended December 31, 2024:

Revenue recognized over time:	
Member assessments earned	$ 710,718
Miscellaneous income	162
Total revenue recognized over time	710,880
Interest income	480
Total revenues	$ 711,360

4. Property and Equipment

Property and equipment consisted of the following at December 31, 2024:

Equipment	$ 14,967
Office equipment	1,175
Furniture and fixtures	2,226
	18,368
Less: accumulated depreciation	(18,368)
Property and equipment, net	$ -

Depreciation expense was $0 for the year ended December 31, 2024.

5. Commitment

Effective November 20, 2024, the Association entered into an agreement to pay the Association's annual insurance premium in the amount of $89,145 in 11 monthly installments of $7,740, including the finance charge at an annual rate of 8.35%, through October 2025, plus a down payment amount of $7,740.

6. Future Major Repairs and Replacements and Related Contingency

The Association's governing documents and Florida statutes require the Association to accumulate funds for future major repairs and replacements, unless otherwise decided by the voting membership. Such funds are held in separate bank accounts and are generally not available for expenditures for normal operations.

The Association has completed a study of its common area major components to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated useful and remaining lives and the current replacement costs of those components, as well as the reasonableness of significant funding assumptions, including but not limited to the projected cost increase and interest earning rates.

The accompanying Supplementary information on future major repairs and replacements is based on such study by the Association.

The Association is accumulating funds in the restricted reserve fund based on estimated future costs for repair and replacement of common area property. Actual expenditures may vary from estimated amounts, and such variances may be material. Consequently, amounts accumulated in the restricted reserve fund may not be adequate to meet all future major repair and replacement costs.

The Association does not meet the requirements for a structural integrity reserve study.

The Association has voted to not fully fund for major repairs and replacements. In the event additional funds are needed, the Association has the right to increase regular assessments, levy special assessments, and delay major repairs and replacements until funds are available.

The following represents an analysis of the various components of contract liabilities in the replacement fund for the year ended December 31, 2024:

	Balance January 1, 2024	Assessments Billed and Interest Income	Expenditures	Balance December 31, 2024
Roof replacement	$ (360,087)	$ 132,863	$ -	$ (227,224)
Exterior painting	120,000	-	-	120,000
Shingle replacement	689,041	37,419	-	726,460
Fence replacement	(162,237)	59,309	-	(102,928)
Pool	31,506	5,427	-	36,933
Road overlay	21,932	19,898	-	41,830
Storm drain	8,680	472	-	9,152
Tennis court	(11,686)	10,421	-	(1,265)
Playground	(59,598)	5,242	-	(54,356)
Disaster reserve	32,150	3,094	-	35,244
	$ 309,701	$ 274,145	$ -	$ 583,846
Fund balance - interest on reserves	$ 32,180	$ 466	$ -	$ 32,646

SUPPLEMENTARY INFORMATION
(No Assurance Provided)

THE VILLAGE AT LAKE PINE II
HOMEOWNERS' ASSOCIATION, INC.

Supplementary Information on Future Major Repairs
And Replacements

December 31, 2024
(No Assurance Provided)

Association management has conducted a study to estimate the remaining useful lives and the current replacement costs of the major components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study and do not take into account the effects of future inflation between the date of the study and the date of repair or replacement.

The following table presents management's assumptions regarding the estimated useful life, current replacement or repair costs and the resulting estimated funding requirement by major component as of December 31, 2024:

Component	Estimated Useful Life in (Years)	Estimated Remaining Life in (Years)	Estimated Current Replacement or Repair Costs	Balance at December 31, 2024	2025 Funding Requirement
Roof/shingle replacement	20	13	$ 2,900,000	$ 499,236	$ 186,857
Exterior painting	7	0	120,000	120,000	-
Fence replacement	15	3	75,000	(102,928)	62,604
Pool	15-20	9-11	95,000	36,933	5,512
Road overlay	20	18	400,000	41,830	20,083
Storm drain	30	23	20,000	9,152	475
Courts resurface	10	3	30,000	(1,265)	11,001
Playground	20	18	40,000	(54,356)	5,290
Disaster reserve	10	8	60,000	35,244	3,159
			$ 3,740,000	$ 583,846	$ 294,981

The full funding requirement was waived by the Association for 2025.