

THE LANDINGS MAINTENANCE
ASSOCIATION, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2011

THE LANDINGS MAINTENANCE ASSOCIATION, INC.

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I N D E P E N D E N T A U D I T O R ' S R E P O R T

To The Board of Directors
The Landings Maintenance Association, Inc.

I have audited the accompanying balance sheet of The Landings Maintenance Association, Inc. as of December 31, 2011, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year ended December 31, 2011. These financial statements are the responsibility of the Association's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Landings Maintenance Association, Inc. as of December 31, 2011, and the results of its operations and its cash for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

The schedule of operating revenues and expenses budget comparison on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplementary information about future repairs and replacements page 9 is not a required part of the basic financial statements of The Landings Maintenance Association, Inc., but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Miami, Florida
April 23, 2013

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2011

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents (Note B)	\$ 93,954	\$ 168,346	\$ 262,300
Assessments Receivable, net of allowance for doubtful accounts of \$ 47,060 (Note B)	-	-	-
Prepaid Expenses	1,385	-	1,385
Prepaid Insurance	5,368	-	5,368
Security Deposits on Utilities	80	-	80
Due To/From Funds	<u>(47,055)</u>	<u>47,055</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 53,732</u>	<u>\$ 215,401</u>	<u>\$ 269,133</u>
LIABILITIES			
Accounts Payable and Accrued Expenses (Note D)	\$ 55,629	-	\$ 55,629
Member Assessments Collected in Advance	52,282	-	52,282
Security Deposits Payable	1,500	-	1,500
TOTAL LIABILITIES	<u>109,411</u>	<u>-</u>	<u>109,411</u>
COMMITMENTS AND CONTINGENCIES (NOTE D)	-	-	-
FUND BALANCES (NOTES C)	<u>(55,679)</u>	<u>215,401</u>	<u>159,722</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53,732</u>	<u>\$ 215,401</u>	<u>\$ 269,133</u>

**THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2011**

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUES (NOTE B)			
Maintenance Assessments	\$ 430,800	\$ 31,200	\$ 462,000
Late Fees	285	-	285
Interest on Funds on Deposit	1,219	1,150	2,369
Other	5,332	-	5,332
TOTAL REVENUES	437,636	32,350	469,986
OPERATING EXPENSES	445,135	66,134	511,269
EXCESS OF OPERATING EXPENSES OVER REVENUES	(7,499)	(33,784)	(41,283)
FUND BALANCES, beginning	(48,180)	249,185	201,005
FUND BALANCES, ending	\$ (55,679)	\$ 215,401	\$ 159,722

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of Operating Expenses over Revenues	\$ (7,499)	\$ (33,784)	\$ (41,283)
Adjustments to reconcile excess operating expenses over revenues to net cash provided by operating activities:			
Bad Debts	16,060	-	16,060
Changes in operating assets and liabilities			
Decrease (Increase) in:			
Assessments Receivable	(15,829)	-	(15,829)
Prepaid Expenses	283	-	283
Prepaid Insurance	(1,385)	-	(1,385)
(Decrease) Increase in:			
Accounts Payable and Accrued Expenses	35,053	-	35,053
Member Assessments Collected in Advance	(4,046)	-	(4,046)
Security Deposits Payable	500	-	500
NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES	23,137	(33,784)	(10,647)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund transfers	(9,490)	9,490	-
NET CASH PROVIDED FROM (USED BY) FINANCING ACTIVITIES	(9,490)	9,490	-
NET INCREASE IN CASH	13,647	(24,294)	(10,647)
CASH AND CASH EQUIVALENTS, beginning	80,307	192,640	272,947
CASH AND CASH EQUIVALENTS, ending	\$ 93,954	\$ 168,346	\$ 262,300

Supplemental Disclosure of Cash Flow Information:

Interest paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -

See Independent Auditor's Report and Notes to the Financial Statements

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE A – NATURE OF ORGANIZATION

The Landings Maintenance Association, Inc. ("Association") was organized on March 28, 1995 as a Florida Corporation, not for profit, for the purpose of maintaining, preserving and administering the common property of The Landings Maintenance Association, Inc.. The Association is in Broward County, consisting of 243 single family homes located in Weston, Florida.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association maintains its books and records on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are deducted when they are incurred.

Fund Accounting

The Association's governing documents provide certain guidelines for conducting its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

Operating Fund – This fund is used to account for financial resources available for the general operations of the Association.

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

Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and Property Manager. Disbursements from the Replacement Fund may be made only for their designated purposes by the Board of Directors.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Association considers all short-term investments with an original maturity of three months or less to be cash equivalents.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment and Depreciation

Real property and common areas and related improvements to such property are not recorded in the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association only recognizes assets that they have title to and can dispose of the property at the discretion of the Board of Directors. The Association capitalizes personal property at cost and depreciates it using the straight-line method. Expenditures for maintenance, repairs and renewals are charged to expense as incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that the Association make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Income Taxes

Homeowners associations are subject to income taxation. Based on certain Internal Revenue Service rulings prior to the enactment of the Tax Reform Act of 1976, an excess of receipts over expenditures for common expenses returned to the unit owners or applied to the following year's assessments are not subject to Federal taxation.

The Tax Reform Act of 1976 provided for an election for exemption from taxation of "exempt function income", thus eliminating the need to refund excess assessments or reduce the subsequent year's assessments. However, the Association is subject to tax on non-exempt function income, such as interest earned. The Association's policy is to allocate all income taxes to the Operating Fund.

Comprehensive Income

The Association adopted Financial Accounting Standards Board's (FASB) SFAS 130, "Reporting for Comprehensive Income" on January 1, 1999. The FASB establishes guidelines for the reporting and display of comprehensive income and its components in financial statements. This statement only modifies disclosures, including financial statement disclosures and does not result in other changes to the results or financial position of the Association. The Association's financial statements require no adjustments for this standard.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Member Assessments

Association members are subject to quarterly assessments, payable in advance, to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. The Association's Declaration provides that each owner be charged for their proportionate share of common expenses based on the budget adopted by the Board of Directors. Assessments receivable at the balance sheet date represent fees due from unit owners. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2011, the Association had some delinquent assessments and the Association's Management felt it necessary to have a provision for doubtful accounts in the amount of \$ 47,060. The accounts are placed with the Association's attorney for collection action and legal recourse, if deemed necessary.

Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist principally of cash. The Association maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$ 250,000. From time to time, the Association maintains cash balances in financial institutions in excess of federally insured limits. The Association maintains its cash balances in three financial institutions located in South Florida. At December 31, 2011, did not have any uninsured cash balances.

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Board of Directors annually reviews the major components of common property. As a part of this review, the Board re-evaluates the estimated remaining useful lives and the estimated current replacement costs of each of the components of the Replacement Fund. A study was not performed to estimate the remaining useful lives and the replacement costs of the components of common property but was estimated by management. However, estimated current replacement costs could vary substantially from the actual costs. Consequently, the amounts accumulated in the Replacement Fund may not be adequate to fund the major repair or replacement. If additional funds are needed, the Association may increase regular assessments, pass a special assessment or delay the repair or replacement pending availability of funds. Replacement Fund balances is held in interest bearing accounts.

The Florida Statutes § 720.303 (6) (c) (2) requires that the budget of the Association provides for voluntary deferred expenditure accounts, including capital expenditures and deferred maintenance, subject to limits on funding contained in the governing documents. Because the owners have not elected to provide for reserve accounts pursuant to § 720.303 (6), Florida Statutes, these funds are not subject to restrictions on use of such funds set forth in that Statute, nor are reserves calculated in accordance with that Statute.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2011

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS (continued)

The Board of Director annually reviews the major components of common Replacement Fund activity, the funding of which was based on management’s estimates, for the year ended December 31, 2011 is comprised of the following:

	FUND BALANCE 1/1/2011	ADDITIONS INCLUDING INTEREST	EXPENSES / TRANSFERS OUT	FUND BALANCE 12/31/2011
General	\$ 249,185	\$ 32,350	\$ 66,134	\$ 215,401

NOTE D – COMMITMENTS AND CONTINGENCIES

Pursuant to its authority existing under the Association’s Bylaws, the Board of Directors has entered into various contractual commitments to provide the necessary maintenance services to preserve and maintain the common elements.

The Association entered into a management agreement with T & G Management Services, Inc. The contract is renewable annually and can be cancelled by either party with appropriate notice.

The Association is not involved in any claims against the Association that may arise in the normal course of business. If any such claim were to arise the Association believes that their insurance coverage will be sufficient to pay liabilities, if any.

S U P P L E M E N T A R Y I N F O R M A T I O N

**THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS**

DECEMBER 31, 2011 (UNAUDITED)

The Association has not conducted an independent study to estimate the remaining useful lives and the replacement costs were based on estimates from historical experience. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following presents significant information about the components of common property:

<u>COMPONENTS</u>	<u>ESTIMATED REMAINING USEFUL LIVES (YEARS)</u>	<u>ESTIMATED CURRENT REPLACEMENT COSTS</u>	<u>2012 FUNDING REQUIREMENTS</u>	<u>COMPONENTS OF FUND BALANCE AT DECEMBER 31, 2011</u>
Asphalt	14	\$ 150,000	\$ 10,000	\$ -
Benches, Garbage Cans	5	5,000	833	-
Bus Stop	1	2,000	1,000	-
Clicker Systems	5	23,560	3,927	-
Courts Resurface	6	3,600	514	-
Entry Monuments - Paint	1	4,350	4,350	-
Entry Monuments - Repair	14	20,000	1,333	-
Fences	7	12,800	1,600	-
Gatehouse	4	15,000	3,000	-
Gatehouse - Paint	1	2,500	2,500	-
Gates	1	11,000	11,000	-
Globes Replacement	6	22,220	3,174	-
Irrigation Pump System	1	10,000	10,000	-
Landscape - Drainage	2	100,000	33,333	-
Light Poles - Paint	1	4,545	4,545	-
Light Poles - Replacement	12	206,250	15,865	-
Lights/Electric/Clock	5	5,500	917	-
Mailbox Replacement	5	72,900	12,150	-
Mailbox - Paint	1	24,300	24,300	-
Pavers Refurbishing/Sealing	1	9,300	9,300	-
Pavers Entrance/Park	4	9,750	1,950	-
Sealcoating	3	1,924	481	-
Street Signs	14	21,750	1,450	-
Street Signs - Paint	1	565	565	-
Street Signs - Lettering	1	4,875	4,875	-
Tot lot Equipment	12	33,000	2,538	-
General		-	-	215,401
TOTAL		<u>\$ 776,689</u>	<u>\$ 165,502</u>	<u>\$ 215,401</u>

See Independent Auditor's Report