

**THE LANDINGS MAINTENANCE
ASSOCIATION, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2016

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Independent Auditors' Report

March 30, 2017

To the Board of Directors
The Landings Maintenance Association, Inc.
Weston, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of The Landings Maintenance Association, Inc., which are comprised of the balance sheet as of December 31, 2016, and the related statements of revenues, expenses and changes in fund balances (deficits) and cash flows for the year then ended and the related notes to financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Opinion

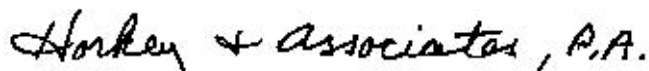
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses on page 13 which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements on common property on pages 14, 15, 16 and 17 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, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Certified Public Accountants
Plantation, Florida

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2016

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 221,737	\$ 149,244	\$ 370,981
Assessments receivable, net of allowance of \$0	5,590	-	5,590
Accounts receivable	360	1,820	2,180
Prepaid expenses	7,840	-	7,840
Deposits	80	-	80
Due from replacement fund	<u>13,541</u>	<u>-</u>	<u>13,541</u>
 Total assets	 <u>\$ 249,148</u>	 <u>\$ 151,064</u>	 <u>\$ 400,212</u>

LIABILITIES AND FUND BALANCES (DEFICITS)

LIABILITIES			
Accounts payable and accrued liabilities	\$ 32,974	\$ 4,263	\$ 37,237
Assessments paid in advance	23,391	-	23,391
Deferred cable income	-	29,565	29,565
Security deposits payable	4,500	-	4,500
Due to operating fund	<u>-</u>	<u>13,541</u>	<u>13,541</u>
 Total liabilities	 <u>60,865</u>	 <u>47,369</u>	 <u>108,234</u>
 FUND BALANCES			
Fund balance (deficit)	<u>188,283</u>	<u>103,695</u>	<u>291,978</u>
 Total fund balances	 <u>188,283</u>	 <u>103,695</u>	 <u>291,978</u>
 Total liabilities and fund balances (deficits)	 <u>\$ 249,148</u>	 <u>\$ 151,064</u>	 <u>\$ 400,212</u>

**THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND BALANCES (DEFICITS)
YEAR ENDED DECEMBER 31, 2016**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
REVENUES			
Assessments	\$ 468,504	\$ 61,236	\$ 529,740
Interest income	17	691	708
Cable income	-	2,430	2,430
Late fees	2,324	-	2,324
Miscellaneous	-	100	100
Transponder	5,570	-	5,570
	<u>476,415</u>	<u>64,457</u>	<u>540,872</u>
Total revenues			
EXPENSES			
Administrative	48,077	-	48,077
Utilities	21,473	-	21,473
Landscaping	139,832	-	139,832
Gate access control	169,766	-	169,766
Holiday	7,979	-	7,979
Maintenance	88,743	82,743	171,486
	<u>475,870</u>	<u>82,743</u>	<u>558,613</u>
Total expenses			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	545	(18,286)	(17,741)
Fund balance (deficit) - beginning of year	<u>187,738</u>	<u>121,981</u>	<u>309,719</u>
Fund balance (deficit) - end of year	<u>\$ 188,283</u>	<u>\$ 103,695</u>	<u>\$ 291,978</u>

The accompanying notes are an integral part of these financial statements

**THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUNDS</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from unit owners	\$ 474,176	\$ 61,336	\$ 535,512
Interest	17	691	708
Paid to contractors and suppliers	<u>(474,123)</u>	<u>(80,300)</u>	<u>(554,423)</u>
Net cash provided by (used in) operating activities	<u>70</u>	<u>(18,273)</u>	<u>(18,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer between funds	<u>(21,170)</u>	<u>21,170</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(21,170)</u>	<u>21,170</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(21,100)	2,897	(18,203)
Cash and cash equivalents - beginning of year	<u>242,837</u>	<u>146,347</u>	<u>389,184</u>
Cash and cash equivalents - end of year	<u>\$ 221,737</u>	<u>\$ 149,244</u>	<u>\$ 370,981</u>

The accompanying notes are an integral part of these financial statements

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND		REPLACEMENT FUNDS		TOTAL
RECONCILIATION OF EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 545		\$ (18,286)		\$ (17,741)
ADJUSTMENTS TO RECONCILE EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
(Increase) Decrease in assessments receivable	(5,590)		-		(5,590)
(Increase) Decrease in prepaid expenses	(452)		-		(452)
(Increase) Decrease in other receivable	1,416		(1,820)		(404)
Increase (Decrease) in accounts payable and accrued liabilities	783		4,263		5,046
Increase (Decrease) in deferred cable income	-		(2,430)		(2,430)
Increase (Decrease) in assessments paid in advance	3,368		-		3,368
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 70		\$ (18,273)		\$ (18,203)

The accompanying notes are an integral part of these financial statements

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Landings Maintenance Association, Inc. (the Association) is a not-for-profit; non-stock corporation organized in March, 1995 pursuant to Chapter 720 of the Florida Statutes. The Association was formed to maintain and protect the common areas and consists of 243 single family homes in Weston, Florida.

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned as of the date of billing and expenses are recorded in the period in which they are incurred. Accordingly, assessments uncollected at the year-end are treated as maintenance receivables and any amounts paid by unit owners for the following year are treated as maintenance fees received in advanced.

Fund Accounting

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

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

General Replacement Fund - This fund is used to accumulate financial resources designated for future major asset repairs and replacements (excluding streets).

Street Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association's streets.

Each Replacement Fund is funded based on the expected timing of the future asset replacements in the respective fund.

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

Cash And Cash Equivalents

For purposes of the statement of cash flows, the Association considers demand deposit accounts, savings accounts and certificate of deposits to be cash equivalents.

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. 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 vary from the estimates that were used.

**THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Capitalization and Depreciation Policy

Real property and common area acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. The values of the common areas are not reflected in these financial statements since title to these properties is vested with individual home owners on a pro-rata basis and not with the Association. Generally, personal property purchased by the Association is expensed.

NOTE 2 - MAINTENANCE ASSESSMENTS

The Association's policy is to retain legal counsel and place liens, if necessary, on the residences of home owners whose assessments are delinquent. As of December 31, 2016, the Association had assessments receivable in the amount of \$5,590, all of which was subsequently collected.

See Note 10 - 395 Mallard Road.

NOTE 3 - HOME OWNER ASSESSMENTS

The Board of Directors determines the annual budget and assessments of home owners. The Association's policy is to retain any excess operating funds at the end of the operating year for use in future operating periods. The responsibility for payment of common expenses is apportioned among individual home owners. Based on the 2016 annual budget, the home owner assessment was \$545 per quarter due on the first of the month in January, April, July and October.

NOTE 4 - CURRENT PERIOD REPLACEMENT FUNDS ACTIVITY

The approved budget includes provisions for replacement for capital improvements and deferred maintenance. The funds are being accumulated based on estimates of future needs for repairs and replacements of common property components as disclosed in the supplemental information. Actual expenditures may vary from the estimated future expenditures, and the variations may be material.

Therefore, amounts accumulated in the General Replacement Fund and/or the Street 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, arrange short or long term financing, or delay major repairs and replacements until funds are available.

The balance at December 31, 2016 consists of the following:

<u>Funds</u>	<u>Balance December 31, 2015</u>	<u>Assessments and Additions</u>	<u>Expenditures</u>	<u>Balance December 31, 2016</u>
General Replacement	\$114,689	\$ 49,842	\$ (82,743)	\$ 81,788
Street Replacement	7,292	14,615	-	21,907
Totals	<u>\$121,981</u>	<u>\$ 64,457</u>	<u>\$ (82,743)</u>	<u>\$ 103,695</u>

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 5 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

As outlined in State of Florida Statutes, home owner associations which elect to fund reserves in their budgets must include reserve accounts for any item with a replacement cost of at least \$10,000. The amount to be reserved is computed by means of a formula that is based upon the estimated life and estimated replacement cost of each reserve item.

In 2014 the Board prepared a Long Term Plan detailing the future replacement (timing and cost) of the Association's major assets and created a related funding plan that minimizes the need for future special assessments. The Board contracted Association Reserves to perform an independent engineering study to determine the reasonableness of the Long Term Plan assumptions and conclusions. The Reserve Study was completed in November 2014. The Reserve Study estimates regarding the condition, estimated cost and estimated replacement timing of the Association's major assets are consistent with the Long Term Plan. The Reserve Study acknowledges that there are many strategies, including the Long Term Plan funding plan, that could be employed to attain a sound financial position while also maintaining the physical assets of the community to a high standard. Any funds to be accumulated in the Replacement Funds would be based on these estimates, which may not be accurate. Future actual expenditures may vary from the estimated expenditures, and the variation may be material. The table included in unaudited supplementary information on future major repairs and replacements is based on these estimates.

State law also provides that the majority of the home owners, at a duly called meeting of the Association, may vote to reserve amounts less adequate than required by law or vote to provide no reserves. The Association's Board of Directors determined for the year ended December 31, 2016, to fund \$46,656 into the General Replacement Fund and \$14,580 into the Street Replacement Fund.

Since future actual expenditures may vary from the estimated expenditures, if there is a shortage of funds when needed, the Association has the right to increase the assessments, pass special assessments, arrange short or long term financing, or delay replacement, in certain cases, until funds are available.

The Long Term Plan is reviewed each year during the annual budget preparation process and is updated and adjusted as necessary. The results are communicated to home owners in writing in an executive summary submitted with the annual budget.

NOTE 6 - INCOME TAXES

The Association is subject to federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The other method enables the Association to elect to exclude from taxation "exempt function income," which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates. There is no current year provision for income taxes. The Association is subject to routine audits by tax authorities; however,

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 6 - INCOME TAXES (continued)

there are currently no audits for any tax periods in progress. The Association is subject to audit for its tax years ending December 2014, 2015 and 2016.

NOTE 7 - COMMITMENTS

The Association has various contract services to maintain the common property including management services, lawn maintenance, and security services. These contracts are currently on an annual or month to month basis.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Association to concentration of credit risk are primarily cash. The Association invests its excess cash in both certificates of deposit and high quality short term liquid money market instruments ("Cash Equivalents") with major financial institutions, and carrying value approximates market value. The Federal Deposit Insurance Corporation (FDIC) provides insurance for each institution up to \$250,000. The Association maintains bank accounts at separate banks for the Operating Fund and the General Replacement Fund and the Street Replacement Fund. As of December 31, 2016 the Association had \$105,005 funds in excess of the insured limit for the Operating Fund. The Association has not experienced any losses related to these investments and believes it is not exposed to any significant credit risk on cash.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Association has an agreement with Safe Technologies for the installation and maintenance of the gate access and security system. The owner of Safe Technologies is a member of the Board of Directors. The Board conducted the bidding, proposal evaluation and voting in accordance with the Florida Statutes Title XL Real and Personal Property Chapter 720 Homeowners' Associations that regulates homeowners' association transactions.

The related Safe Technologies 2016 Operating Fund expenditures were \$7,191 for the system maintenance, repairs and new gate tags and Replacement Fund expenditures were \$1,385 for expenditures related to the guardhouse renovation.

See Note 10 - 395 Mallard Road.

NOTE 10 - 395 MALLARD ROAD

In September 2015 the Association foreclosed on its lien at 395 Mallard Road (resulting from unpaid homeowner quarterly assessments) and purchased the home in a foreclosure sale for \$300. The home remained subject to a bank mortgage that exceeds the fair market value of the home. During 2016, the Association paid certain maintenance costs including insurance, water, electric, landscape maintenance and member assessments totaling \$5,059. At a special meeting of the Board of Directors on October 21, 2015, the Board considered various alternatives to sell the property and responded to homeowner questions. The Board approved the proposal from Michael Bakalar, a Board member, to enter into a "short sale" agreement with Alternative Property

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

NOTE 10 - 395 MALLARD ROAD (Continued)

Solutions, LLC, (a Bakalar company) for 395 Mallard Road. The purchase price was \$23,825.50 and payment to the Association was conditional on Alternative Property Solutions, LLC being able to successfully negotiate and consummate a "short sale" with the mortgage company and the prior owner no later than June 30, 2016.

In February 2017, prior to the completion of the short sale transaction, the bank that held the mortgage on 395 Mallard Road foreclosed on its past due loan and took title to the property effectively cancelling the short sale transaction with Alternative Property Solutions, LLC. The bank intends to make the necessary repairs to the property and list the property for sale during 2017. As owner of the property, the bank is now responsible for paying quarterly assessment fees for the home.

NOTE 11 - SUBSEQUENT EVENTS

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 30, 2017, the date that the financial statements were available to be issued.

NOTE 12 - CABLE INCOME

On March 1, 2014 the Association entered into a fifteen year Installation and Services Agreement with Comcast of Greater Florida/Georgia, Inc. The agreement shall automatically renew for successive 2 year periods subject to approval of the parties. Pursuant to the agreement, Comcast will make available broadband communications to The Landings homeowners, including multichannel video, internet and voice services. In consideration for the Association entering into the agreement with Comcast and granting it access to the community and the right to provide services to The Landings homeowners, Comcast paid the Association a one-time fee of \$150 per home or \$36,450. The fee was recorded in the Replacement Fund and will be recognized in revenue over the fifteen year life of the agreement. The Replacement Fund recognized income of \$2,430 in 2016 and deferred revenue of \$29,565 was recorded on the balance sheet at December 31, 2016.

SUPPLEMENTARY INFORMATION

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2016

	OPERATING FUND	REPLACEMENT FUNDS	TOTAL
ADMINISTRATIVE:			
Management fees	\$ 25,000	\$ -	\$ 25,000
Legal	720	-	720
Accounting	4,100	-	4,100
Office expense	884	-	884
Coupon order	606	-	606
Bank charges	105	-	105
Insurance	14,495	-	14,495
Licenses and permits	<u>2,167</u>	<u>-</u>	<u>2,167</u>
	<u>\$ 48,077</u>	<u>\$ -</u>	<u>\$ 48,077</u>
UTILITIES:			
Electricity	\$ 9,353	\$ -	\$ 9,353
Telephone	2,508	-	2,508
Water and sewer	<u>9,612</u>	<u>-</u>	<u>9,612</u>
	<u>\$ 21,473</u>	<u>\$ -</u>	<u>\$ 21,473</u>
LANDSCAPING:			
Lawn maintenance	\$ 59,095	\$ -	\$ 59,095
Fertilization and pest control	26,665	-	26,665
Landscape extra	792	-	792
Mulch	9,977	-	9,977
Swale tree trimming	29,070	-	29,070
Other	<u>14,233</u>	<u>-</u>	<u>14,233</u>
	<u>\$ 139,832</u>	<u>\$ -</u>	<u>\$ 139,832</u>
GATE ACCESS CONTROL:			
Guard services	\$ 169,210	\$ -	\$ 169,210
Gate access control	<u>556</u>	<u>-</u>	<u>556</u>
	<u>\$ 169,766</u>	<u>\$ -</u>	<u>\$ 169,766</u>
HOLIDAY:			
Holiday	<u>\$ 7,979</u>	<u>\$ -</u>	<u>\$ 7,979</u>
	<u>\$ 7,979</u>	<u>\$ -</u>	<u>\$ 7,979</u>
MAINTENANCE:			
General	\$ 37,693	\$ -	\$ 37,693
Gate access	7,725	-	7,725
Irrigation wet check	4,715	-	4,715
Irrigation repairs	7,472	-	7,472
Janitorial	11,143	-	11,143
Pressure cleaning	14,936	-	14,936
395 Mallard unit expenses	5,059	-	5,059
Signs	-	954	954
Sidewalk	-	9,043	9,043
Lighting	-	13,872	13,872
Guardhouse	-	49,548	49,548
Paving	-	7,050	7,050
Playground	<u>-</u>	<u>2,276</u>	<u>2,276</u>
	<u>\$ 88,743</u>	<u>\$ 82,743</u>	<u>\$ 171,486</u>

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(UNAUDITED)

In 2014 the Board prepared a Long Term Plan detailing the future replacement (timing and cost) of the Association's major assets and created a related funding plan that minimizes the need for future special assessments.

Starting in 2015 two separate replacement funds were established and each fund is funded based on the expected timing of the asset replacements in the respective fund.

General Replacement Fund - The fund is used to accumulate financial resources designated for future major asset repairs and replacements (excluding streets).

Street Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements of the Association's streets.

The Board contracted Association Reserves to perform an independent engineering study to determine the reasonableness of the Long Term Plan assumptions and conclusions. The Reserve Study was completed in November 2014. The Reserve Study estimates regarding the condition, estimated cost and estimated replacement timing of the Association's major assets are consistent with the Long Term Plan. The Reserve Study acknowledges that there are many strategies, including the Long Term Plan funding plan that could be employed to attain a sound financial position while also maintaining the physical assets of the community to a high standard. Any funds to be accumulated in the General Replacement Fund or the Street Replacement Fund would be based on these estimates, which may not be accurate. Future actual expenditures may vary from the estimated expenditures, and the variation may be material. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, arrange short or long term financing, or delay major repairs and replacements until funds are available.

The Long Term Plan is reviewed each year during the annual budget preparation process and is updated and adjusted as necessary. The results are communicated to home owners in writing in an executive summary submitted with the annual budget,

The December 31, 2016 Replacement Fund balances and 2016 assessments for the General Replacement Fund and the Street Replacement Fund are included in Note 4 - Current Period Replacement Funds Activity.

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS
DECEMBER 31, 2016
(UNAUDITED)

The pro forma funding and expenses of the General Replacement Fund are summarized below. The information requires estimates of the timing and amount of future revenue and expense. Actual amounts may differ from these estimates.

Year	General Replacement Fund Pro Forma					
	Beginning Balance	Revenue		Expenses		Ending Balance
		Fees	Interest	SW, VG	Other Assets	
2017	\$ 81,788	\$ 51,516	\$25,587	\$ (75,000)	\$ (10,000)	\$ 73,891
2018	73,891	56,376	548	(50,000)	(4,635)	76,180
2019	76,180	61,236	559	(50,000)	-	87,975
2020	87,975	66,096	618	(30,000)	(91,680)	33,009
2021	33,009	70,956	343	(30,000)	-	74,308
		306,180	27,655	(235,000)	(106,315)	
2022	74,308	75,816	550	-	-	150,674
2023	150,674	80,676	932	-	(242,154)	(9,872)
2024	(9,872)	85,536	129	-	(30,747)	45,046
2025	45,046	90,396	403	-	(158,980)	(23,135)
2026	(23,135)	95,256	63	-	(9,435)	62,749
		427,680	2,077	-	(441,316)	
Total 2017 - 2026		<u>\$ 733,860</u>	<u>\$29,732</u>	<u>\$ (235,000)</u>	<u>\$ (547,631)</u>	

*2017 includes a budgeted one-time \$25,000 transfer from Operating account

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)
DECEMBER 31, 2016
(UNAUDITED)

The estimated timing and cost to replace the General Replacement Fund Other Assets is as follows:

	<u>Estimated Life</u>		<u>Year</u>		<u>Estimated Replacement Cost</u>	
	2017		<u>Installed</u>	<u>Replacement</u>	<u>2017</u>	<u>Replacement</u>
	<u>Total Remaining</u>					<u>CAGR 3.0%</u>
Cul de sac Lighting	10	0	2017	2017	5,000	5,000
Cameras - Guardhouse & Park	10	0	2017	2017	5,000	5,000
					<u>10,000</u>	<u>10,000</u>
Basketball Courts Resurface	11	1	2007	2018	4,500	4,635
					<u>4,500</u>	<u>4,638</u>
Mailbox Replacement (painted in 2008 for \$10,000)	15	3	2005	2020	72,900	79,660
Entry Gates	15	3	2005	2020	11,000	12,020
					<u>83,900</u>	<u>91,680</u>
Ligh Poles (105) - Replacement	20	6	2003	2023	178,500	213,139
Park Fenses	20	6	2003	2023	24,300	29,015
					<u>202,800</u>	<u>242,154</u>
Gate Entry System	10	7	2014	2024	20,000	24,598
Security Cameras	10	7	2014	2024	5,000	6,149
					<u>25,000</u>	<u>30,747</u>
Park Pavillion	30	8	1995	2025	28,000	35,470
Tot Lot Upgrade	10	8	2015	2025	15,000	19,002
Tot Lot Equipment	15	8	2015	2025	34,000	43,070
Park Tables (3), Garbage Cans (2)	10	8	2015	2025	5,000	6,334
Monument Wall Repairs, Paint, Letters	10	8	2015	2025	22,000	27,868
Landscape Lights Monuments & Entrance	10	8	2015	2025	21,500	27,236
					<u>125,500</u>	<u>158,980</u>
Park Benches (3), Garbage Cans (2)	10	9	2016	2026	2,276	2,970
Cul de sac lighting (3)	10	9	2016	2026	4,955	6,465
					<u>7,231</u>	<u>9,435</u>
					<u>458,931</u>	<u>547,631</u>

THE LANDINGS MAINTENANCE ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON
FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)
DECEMBER 31, 2016
(UNAUDITED)

The pro forma funding and expenses of the Street Replacement Fund are summarized below. The information requires estimates of the timing and amount of future revenue and expense. Actual amounts may differ from these estimates.

Year	Street Replacement Fund Pro Forma				Ending Balance
	Beginning Balance	Revenue		Expenses	
		Fees	Interest		
2017	\$ 21,907	\$ 21,870	548	\$ -	\$ 44,325
2018	44,325	29,160	1,108	-	74,593
2019	74,593	36,450	1,865	-	112,908
2020	112,908	43,740	2,823	-	159,471
2021	159,471	51,030	3,987	-	214,488
		182,250	10,331	-	
2022	214,488	58,320	5,362	-	278,170
2023	278,170	65,610	6,954	-	350,734
2024	350,734	72,900	8,768	-	432,402
2025	432,402	80,190	10,810	-	523,402
2026	523,402	87,480	13,085	(650,000)	(26,033)
		364,500	44,979	(650,000)	
Total 2017 - 2026		\$ 546,750	\$ 55,310	\$ (650,000)	