

**THE LINKS AT HAILE PLANTATION
CONDOMINIUM ASSOCIATION, INC.**

**AUDITED FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY INFORMATION**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

**REDDISH & WHITE
CERTIFIED PUBLIC ACCOUNTANTS**

THE LINKS AT HAILE PLANTATION
CONDOMINIUM ASSOCIATION, INC.

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Links at Haile Plantation
Condominium Association, Inc.

Opinion

We have audited the accompanying financial statements of The Links at Haile Plantation Condominium Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Links at Haile Plantation Condominium Association, Inc. as of December 31, 2023, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Links at Haile Plantation Condominium 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.

Auditor's 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 auditor's 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 Links at Haile Plantation Condominium 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 Links at Haile Plantation Condominium 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 the future major repairs and replacements on page 12 be presented to supplement the basic financial statements. Such information is the responsibilities of management and, 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. 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 our 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.

Reddish and White, CPA's

Starke, Florida
April 30, 2024

The Links at Haile Plantation Condominium Association, Inc.

Balance Sheet
As of December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 145,361	\$ 188,894	\$ 334,255
Investment in Time Certificate of Deposits	51,378	893,018	944,396
Assessments Receivable, Net	25,481	0	25,481
Prepaid Assets	46,493	0	46,493
Due from Replacement Fund	<u>2,534</u>	<u>0</u>	<u>2,534</u>
Total Current Assets	<u>271,247</u>	<u>1,081,912</u>	<u>1,353,159</u>
Total Assets	\$ <u>271,247</u>	\$ <u>1,081,912</u>	\$ <u>1,353,159</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts Payable	\$ 15,473	\$ 0	\$ 15,473
Insurance Payable	53,567	0	53,567
Assessments Received in Advance - Operating Fund	40,619	0	40,619
Contract Liabilities (assessments received in advance - replacement fund)	0	1,079,378	1,079,378
Due to Operating Fund	<u>0</u>	<u>2,534</u>	<u>2,534</u>
Total Current Liabilities	<u>109,659</u>	<u>1,081,912</u>	<u>1,191,571</u>
Fund Balances	<u>161,588</u>	<u>0</u>	<u>161,588</u>
Total Liabilities and Fund Balance	\$ <u>271,247</u>	\$ <u>1,081,912</u>	\$ <u>1,353,159</u>

See accompanying notes to the financial statements.

The Links at Haile Plantation Condominium Association, Inc.

Statement of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUES			
Regular Assessments	\$ 581,439	\$ 260,783	\$ 842,222
Late Fee Income	2,543	0	2,543
Interest Income	0	11,633	11,633
Other Income	5,477	0	5,477
Total Revenues	<u>589,459</u>	<u>272,416</u>	<u>861,875</u>
EXPENSES			
Administration	6,742	0	6,742
Insurance	137,202	0	137,202
Landscaping	146,353	0	146,353
Management	36,600	0	36,600
Pest Control	9,630	0	9,630
Audit and Accounting Fees	8,207	0	8,207
Legal Fees	41,566	0	41,566
Repairs and Maintenance	160,352	272,416	432,768
Trash	18,829	0	18,829
Interest	3,756	0	3,756
Utilities	42,162	0	42,162
Total Expenses	<u>611,399</u>	<u>272,416</u>	<u>883,815</u>
Excess (Deficiency) of Revenues over Expenses	(21,940)	0	(21,940)
Fund Balance, Beginning of Year	<u>183,528</u>	<u>0</u>	<u>183,528</u>
Fund Balance, End of Year	<u>\$ 161,588</u>	<u>\$ 0</u>	<u>\$ 161,588</u>

See accompanying notes to the financial statements.

The Links at Haile Plantation Condominium Association, Inc.

Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Excess (Deficiency) of Revenues over Expenses	\$ (21,940)	\$ 0	\$ (21,940)
Adjustments to Reconcile Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities			
(Increase) Decrease in Current Assets:			
Prepaid Assets	(16,015)	0	(16,015)
Assessments Receivable	36,865	0	36,865
Allowance for Doubtful Accounts	(11,000)	0	(11,000)
Increase (Decrease) in Current Liabilities:			
Accounts Payable	5,979	0	5,979
Insurance Payable	18,669	0	18,669
Assessments Received in Advance - Operating	13,108	0	13,108
Contract Liabilities (assessments received in advance - replacement fund)	<u>0</u>	<u>(37,783)</u>	<u>(37,783)</u>
Net Cash Provided (Used) By Operating Activities	<u>25,666</u>	<u>(37,783)</u>	<u>(12,117)</u>
Cash Flows from Investing Activities			
Investment of Time Certificate of Deposits	<u>(51,378)</u>	<u>(4,048)</u>	<u>(55,426)</u>
Net Cash Provided (Used) By Investing Activities	<u>(51,378)</u>	<u>(4,048)</u>	<u>(55,426)</u>
Cash Flows from Financing Activities			
Interfund Borrowings	<u>(2,366)</u>	<u>2,366</u>	<u>0</u>
Net Cash Provided (Used) By Financing Activities	<u>(2,366)</u>	<u>2,366</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,078)	(39,465)	(67,543)
Cash and Cash Equivalents, Beginning of Year	<u>173,439</u>	<u>228,359</u>	<u>401,798</u>
Cash and Cash Equivalents, End of Year	\$ <u>145,361</u>	\$ <u>188,894</u>	\$ <u>334,255</u>
Supplemental Cash Flow Disclosure:			
Cash paid for interest	\$ 3,756	\$ 0	\$ 3,756

See accompanying notes to the financial statements.

The Links at Haile Plantation Condominium Association, Inc.

Notes to the Financial Statements
For the Year Ended December 31, 2023

NOTE 1 — NATURE OF ORGANIZATION

The Links at Haile Plantation Condominium Association, Inc. (the Association) was incorporated as a not for profit corporation on May 19, 2005, in the State of Florida. The primary function of the Association is to provide for the efficient and effective administration of the condominium including all common areas. The condominium consists of 200 residential units located in Gainesville, Florida. The assessment per unit is based pro rata on the square footage of each unit in relation to the total for all units in assessment and expense allocations.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 operations of the Association.

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

Common Areas

As provided in the Declaration of the Condominium, each unit owner owns an undivided share in the common elements of the condominium. In conformity with industry practice, the Association recognizes the following common property as assets, if applicable:

Common personal property used by the Association in operating, preserving, maintaining, repairing and replacing common property and providing other services.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Common real property to which the Association has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members on the basis of usage from nonmembers.

Accordingly, common property including buildings, parking lots, sidewalks, and building roofs, are not recognized as assets. As of December 31, 2023, the Association has not recognized any common property as assets.

Limited Common Elements

The Association maintains limited common elements consisting of 76 garages. As of January 2020, the association no longer funds the reserve for limited common elements. The Association incurred \$1,694 in expenditures related to the limited common elements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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. Actual results could differ from those estimates.

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, and future major repairs and replacements. The Association is dependent upon the receipt of members' monthly assessments for operating and reserve expenditures. Monthly assessments are based on the relative square footage of each unit and ranged from \$242 to \$406 per unit through December 31, 2023.

Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated amounts expected to be collected from outstanding assessments from unit owners. At December 31, 2023, the allowance for doubtful accounts is \$10,000.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Association's Declaration of Condominium provides for various collection remedies for delinquent assessments including the filing of liens, foreclosing on the unit owner and obtaining judgment on other assets of the unit owner whose assessments are 75 days or more delinquent.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experiences and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$51,346 and \$25,481, respectively.

A large portion of the assessment receivable balance as of December 31, 2023, includes amounts due from some members for extensive repairs and are over 360 days old due to delays in processing insurance claims. Management still believes that they are all collectible.

Contract Liabilities (Assessments received in advance – replacement fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance – replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of contract liabilities (assessments received in advance – replacement fund) as of the beginning and end of the year are \$1,117,161 and \$1,079,378, respectively.

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 was taxed as a homeowners association and filed Form 1120-H, Income Tax Return for Homeowners Associations in the U.S. federal jurisdiction.

Consequently, membership income is exempt from taxation if certain elections are made. The Association is taxed only on its non-membership income, offset by any related deductions. The net income from non-membership income is taxed at a 30% rate. For the year ended December 31, 2023, The Association incurred no income tax expense.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by federal taxing authorities for years before 2021.

The Association has reviewed and evaluated the relevant tax merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Association.

The Association recognizes interest and penalties in administrative expenses. During the year ended December 31, 2023, there were no interest and penalties incurred by the Association.

Subsequent Events

The Association has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 30, 2024, the date the financial statements were available to be issued. No subsequent events have been disclosed.

NOTE 3 – MAJOR REPAIRS AND REPLACEMENTS RESERVES

Florida Statutes require the Association to accumulate funds for future major repairs and replacements. Accumulated funds, which aggregate \$1,079,378, are presented on the accompanying balance sheet as \$1,079,378 in contract liabilities (assessments received in advance – replacement fund) at December 31, 2023 and are held in separate accounts and are generally not available for operating purposes. The Association levied additional assessments of approximately \$223,000 for the year ended December 31, 2023.

The Board of Directors is collecting funds for the future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study conducted by an independent company in July 2021. As part of this review, the estimated useful lives and estimated current replacement costs of the components of the replacement fund were evaluated. The reserve study is being used as a guide to establish the estimated current replacement costs and estimated remaining useful lives. The Board of Directors believes the funds will adequately provide for future major repairs and replacements.

NOTE 3 – MAJOR REPAIRS AND REPLACEMENTS RESERVES (concluded)

The Board of Directors intends to fund for major repairs and replacements over the estimated useful lives of the components based on estimates of current replacement costs. Effective January 1, 2012, the Association adopted the pooling method for reserves. Actual expenditures may vary from the estimated future expenditures and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 4 – CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

The Federal Deposit Insurance Corporation (FDIC) insures cash accounts up to \$250,000 per financial institution. As of December 31, 2023, the cash balances of the Association were in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits by \$138,260.

**The Links at Haile Plantation Condominium Association, Inc.
Supplementary Schedule of Future Major Repairs and Replacements - Unaudited
For the Year Ended December 31, 2023**

The Association had a reserve study conducted, by an independent company, to estimate the remaining useful lives and the replacement costs of the components of common property. The study was performed in July 2021. The Association has adopted the pooling method (cash-flow method) for funding reserves. This method allows the Association to fund the assets as a group instead of funding each component individually. Replacements costs were based on estimated costs to repair or replace the common property components at the date of the study and based on future estimated replacement dates with an annual inflation factor of 0% and an annual investment rate of return of 0%.

Components	Estimated Useful Lives (in years)	Estimated Remaining Useful Lives (in years)	Estimated Current Replacement Cost	Replacement Fund Dec. 31, 2023
Exterior Building Elements	8 - 50	1 - 30	\$3,832,320	\$0
Property Site Elements	3 - 65	2 - 30	1,426,770	0
Clubhouse Elements	10 - 35	4 - 19	170,000	0
Pool Elements	8 - 25	9 - 20	54,055	0
Garage Elements	8 - 50	2 - 30	429,170	0
Pooled - Limited Common Elements			0	70,528
Pooled - Other than LCE			0	1,008,850
Totals			\$5,912,315	\$1,079,378

The following table presents significant information concerning the replacement fund as required by Rule 61B-22.006(3), Florida Administrative Code:

Components	Replacement Fund Jan. 1, 2023	Net Assessments	Replacement Expenditures	Interest Income	Replacement Fund Dec. 31, 2023
Pooled - Limited Common Elements	\$72,222	\$0	(\$1,694)	\$0	\$70,528
Pooled - Other than LCE	1,044,939	223,000	(270,722)	11,633	1,008,850
Totals	\$1,117,161	\$223,000	(\$272,416)	\$11,633	\$1,079,378

The replacement fund as of December 31, 2023, is comprised of \$1,1079,378 in contract liabilities. The Association allocates interest income 100% to the Pooled - other than LCE component.

See notes to the financial statements and the independent auditor's report on the supplementary information.