

**Vintage Grand Condominium Association, Inc.**

**Financial Statements and  
Supplementary Information**

**Year Ended  
December 31, 2019**

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### Independent Auditor's Report

To the Board of Directors  
Vintage Grand Condominium Association, Inc.  
Sarasota, Florida

We have audited the accompanying financial statements of Vintage Grand Condominium Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2019, and the related statements of revenues and expenses, changes in fund balances, and cash flows for the year then ended, and the related notes to the 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.

#### **Affiliations**

American Institute of Certified Public Accountants ♦ Florida Institute of Certified Public Accountants

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\*By Appointment Only

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vintage Grand Condominium Association, Inc. as of December 31, 2019, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note F are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

As discussed in Note J, operating fund balance at the beginning of 2019 has been adjusted to correct an error in recognizing costs related to the contingency rebuilding project in prior years. The effect was a decrease in operating fund balance and an increase in the liability for remaining construction contract of \$4,791,465. Our opinion is not modified with respect to this matter.

**Disclaimer of Opinion on 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 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 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.

**Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenues and expenses - operating fund, 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 has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



Stroemer & Company, LLC  
Fort Myers, Florida  
May 24, 2021

**Vintage Grand Condominium Association, Inc.**  
**Balance Sheet**  
**December 31, 2019**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 428,839	\$ 1,207,738	\$ 1,636,577
Certificates of deposit	-	408,358	408,358
Assessments receivable, net	77,597	-	77,597
Settlements receivable	1,269,750	-	1,269,750
Interfund receivable/(payable)	(300,000)	300,000	-
Prepaid insurance	129,223	-	129,223
Prepaid expenses	12,984	-	12,984
<b>Total assets</b>	<b>\$ 1,618,393</b>	<b>\$ 1,916,096</b>	<b>\$ 3,534,489</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 64,810	\$ -	\$ 64,810
Accrued construction retainage	178,344	-	178,344
Liability for remaining construction contract	2,010,076	-	2,010,076
Deferred cable license fee	46,800	-	46,800
Prepaid assessments	138,851	-	138,851
Note payable - insurance	86,914	-	86,914
Deferred maintenance and capital expenditures	-	1,888,935	1,888,935
<b>Total liabilities</b>	<b>2,525,795</b>	<b>1,888,935</b>	<b>4,414,730</b>
<b>Fund balances</b>	<b>(907,402)</b>	<b>27,161</b>	<b>(880,241)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,618,393</b>	<b>\$ 1,916,096</b>	<b>\$ 3,534,489</b>

The accompanying notes are an integral part of this statement.

**Vintage Grand Condominium Association, Inc.**  
**Statement of Revenues and Expenses**  
**Year Ended December 31, 2019**

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Assessments	\$ 1,257,641	\$ 99,233	\$ 1,356,874
Contingency rebuilding	2,000,000	-	2,000,000
Settlements	1,269,750	-	1,269,750
Cable license fee	8,640	-	8,640
Interest income	6,340	24,344	30,684
Late fees	6,496	-	6,496
Other owner income	44,511	-	44,511
Total revenues	4,593,378	123,577	4,716,955
<b>Expenses</b>			
Building maintenance	337,354	-	337,354
Grounds maintenance	182,942	-	182,942
Common areas	33,450	-	33,450
Utilities	112,629	-	112,629
Administrative	765,225	-	765,225
Reserves	-	100,795	100,795
Total expenses	1,431,600	100,795	1,532,395
<b>Excess of revenues over (under) expenses</b>	<b>\$ 3,161,778</b>	<b>\$ 22,782</b>	<b>\$ 3,184,560</b>

The accompanying notes are an integral part of this statement.

**Vintage Grand Condominium Association, Inc.**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2019**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
Balances, January 1, 2019, as originally reported	\$ 722,285	\$ 1,758,415	\$ 2,480,700
Prior-period adjustment	(4,791,465)	-	(4,791,465)
Adjustment for the effects of ASU 2014-09	-	(1,754,036)	(1,754,036)
Balances, January 1, 2019, as adjusted and restated	(4,069,180)	4,379	(4,064,801)
Excess of revenues over (under) expenses	3,161,778	22,782	3,184,560
<b>Balances, December 31, 2019</b>	<b>\$ (907,402)</b>	<b>\$ 27,161</b>	<b>\$ (880,241)</b>

The accompanying notes are an integral part of this statement.

**Vintage Grand Condominium Association, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash collected from members	\$ 1,297,934	\$ 234,132	\$ 1,532,066
Cash paid for expenditures	(3,835,563)	(100,795)	(3,936,358)
Interest income received	6,340	24,344	30,684
Other income received	44,511	-	44,511
Contingency rebuilding revenues received	2,000,000	-	2,000,000
<b>Net cash used in operating activities</b>	<b>(486,778)</b>	<b>157,681</b>	<b>(329,097)</b>
<b>Cash flows from investing activities:</b>			
Reinvested interest	-	(5,463)	(5,463)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(5,463)</b>	<b>(5,463)</b>
<b>Cash flows from financing activities:</b>			
Principal payments on note payable - insurance	(147,955)	-	(147,955)
Interfund transfers	319,798	(319,798)	-
<b>Net cash used in financing activities</b>	<b>171,843</b>	<b>(319,798)</b>	<b>(147,955)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(314,935)</b>	<b>(167,580)</b>	<b>(482,515)</b>
Cash and cash equivalents at beginning of year	743,774	1,375,318	2,119,092
<b>Cash and cash equivalents at end of year</b>	<b>\$ 428,839</b>	<b>\$ 1,207,738</b>	<b>\$ 1,636,577</b>
<b>Noncash investing and financing transactions:</b>			
Insurance premiums financed			<b>\$ 234,869</b>

The accompanying notes are an integral part of this statement.

**Vintage Grand Condominium Association, Inc.**  
**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2019**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Reconciliation of excess of revenues over (under) expenses to net cash used in operating activities</b>			
Excess of revenues over (under) expenses	\$ 3,161,778	\$ 22,782	\$ 3,184,560
Adjustments to reconcile excess of revenues over (under) expenses to net cash used in operating activities:			
Bad debt	36,000	-	36,000
Insurance premiums amortized	234,869	-	234,869
(Increase) decrease in assets:			
Assessments receivable	(14,363)	-	(14,363)
Settlements receivable	(1,269,750)	-	(1,269,750)
Prepaid insurance	(64,541)	-	(64,541)
Prepaid expenses	1,728	-	1,728
Deposits	12,323	-	12,323
Increase (decrease) in liabilities:			
Accounts payable	43,961	-	43,961
Accrued construction retainage	149,086	-	149,086
Liability for remaining construction contract	(2,781,389)	-	(2,781,389)
Deferred cable license fee	(8,640)	-	(8,640)
Prepaid assessments	12,160	-	12,160
Deferred maintenance and capital expenditures	-	134,899	134,899
<b>Net cash used in operating activities</b>	<b>\$ (486,778)</b>	<b>\$ 157,681</b>	<b>\$ (329,097)</b>

The accompanying notes are an integral part of this statement.

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies**

**1. Nature of organization**

Vintage Grand Condominium Association, Inc. (the "Association") was incorporated on December 20, 2005 under Chapter 617 of the Florida Statutes as a corporation not for profit to administer the operation and management of the common property of Vintage Grand. The Declaration of Condominium (the "Declaration") was recorded in the official records of Sarasota County, Florida, on December 27, 2005 as a condominium pursuant to Chapter 718 of the Florida Statutes. The Association consists of 432 residential units, located in Sarasota, Florida.

**2. Fund accounting**

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.

The Association prepares its financial statements on the accrual basis of accounting in accordance with Topic 972 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), "Real Estate - Common Interest Realty Associations".

**3. Management estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Association to make estimates and assumptions that affect the reported amounts of assets, 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.

**4. Cash and cash equivalents**

For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**5. Assessments receivable**

Assessments receivable are carried at the original charge amount less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**Assessments receivable (continued)**

and by using historical experience applied to an aging of accounts. Assessments receivable are written off when deemed uncollectible. Recoveries of assessments receivable previously written off are recorded as income when received.

An assessment receivable is considered to be past due if any portion of the receivable balance is outstanding for more than one month. A late fee is charged on assessments receivable that are outstanding for more than one month and is recognized as income as it is charged.

**6. Fair value of financial instruments**

The Association has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value due to the short maturity of these financial instruments.

**7. Concentration of credit risk**

The Association maintains accounts at a financial institution in bank deposits which, at times, may exceed federally-insured limits. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

Concentration of credit risk with respect to the receivables relate to billings to unit owners who pay monthly assessments and live within the Association. The Association does not anticipate credit losses in the near future.

**8. Property and equipment**

Common property of the Association is accounted for in accordance with ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant, and Equipment". It is the Association's responsibility to preserve and maintain the common property.

Real property is not recognized as assets.

Common real property to which the Association has title, or other evidence of ownership, that is not recognized as assets in the Association's balance sheet consists of buildings, equipment, pool and spa and roadways.

**9. Prepaid assessments**

Prepaid assessments represent amounts paid to the Association before the assessments were due.

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**10. Revenue recognition**

The following is a description of principal activities from which the Association generates its revenue and their respective treatment under ASC 606.

Operating assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's operating expenses. Each unit owner is an Association member and percentage of ownership of the assessment is assessed and payable monthly. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognizes revenue from operating assessments on a daily pro-rata basis using the input method to the extent that collection of the assessments is probable.

Replacement reserve assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's estimated future major repairs and replacements. Each unit owner is an Association member and percentage of ownership of the assessment is assessed and payable monthly. The performance obligation for replacement reserve assessments is the expenditure of the assessed funds for the intended purpose. The Association recognizes revenue from replacement reserve assessments when or as the related expenditures are made (generally at a point in time) to the extent that collection of the assessments is probable. Unspent replacement reserve assessments are presented as a contract liability on the balance sheet (deferred maintenance and capital expenditures). This treatment results in a reclassification of pre-adoption fund balance as a contract liability.

Ancillary operations

Ancillary operations describe any Association activities other than the ordinary maintenance, security, governance, and administrative activities common to most associations. The Association's ancillary operations include:

- Late fees
- Settlements
- Other owner income

The Association recognizes revenues from these ancillary operations as the Association's performance obligation for those operations is satisfied. Generally, this is at a point in time when the goods or services are provided.

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**11. Income taxes**

The Association may be taxed as a regular corporation or may elect to be taxed as a homeowners association. For the year ended December 31, 2019, the Association elected to file its income tax return as a homeowners association in accordance with Internal Revenue Code Section 528. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to unit owners. The Association's investment and other nonexempt income net of related expenses is subject to federal income tax at a rate of 30%. Homeowners associations are exempt from Florida income tax. There was no income tax expense for the year ended December 31, 2019.

The Association follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Association's tax filings are generally subject to examination by taxing authorities for three years after the returns are filed. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

**12. Recently issued accounting standards**

The FASB issued new guidance that created ASC Topic 606, "Revenue from Contracts with Customers". Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, "Real Estate - Common Interest Realty Associations, Revenue Recognition", and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Association expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of this new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to the Association's accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

To achieve the core principle of the new guidance, the Association applies the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract or a single performance obligation; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Association satisfies each performance obligation.

The adoption of the new revenue recognition guidance resulted in a decrease in fund balance of \$1,754,036 at January 1, 2019, a decrease in 2019 assessments of \$170,899 and a recording of deferred maintenance and capital expenditures at December 31, 2019 of \$1,888,935. The

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**Recently issued accounting standards (continued)**

Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

Following are the line items from the Association's balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<b>Liabilities</b>			
Deferred maintenance and capital expenditures	\$ -	\$ 1,888,935	\$ 1,888,935
<b>Fund Balances</b>			
Ending fund balance	\$ 1,008,694	\$ (1,888,935)	\$ (880,241)

Following are the line items from the Association's statements of revenues and expenses, changes in fund balances, and cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<b>Revenues</b>			
Assessments	\$ 1,527,773	\$ (170,899)	\$ 1,356,874
<b>Expenses</b>			
Bad debt	\$ 36,000	\$ (36,000)	\$ -
<b>Excess of revenues over (under) expenses</b>	<b>\$ 3,319,459</b>	<b>\$ (134,899)</b>	<b>\$ 3,184,560</b>
<b>Cash Flows</b>			
Excess of revenues over (under) expenses	\$ 3,319,459	\$ (134,899)	\$ 3,184,560
Increase in deferred maintenance and capital expenditures	\$ -	\$ 134,899	\$ 134,899

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note B - Assessments Receivable**

As of December 31, 2019 and 2018, the Association had assessments receivable of:

	2019	2018
Assessments receivable	\$ 168,083	\$ 135,522
Allowance for doubtful accounts	(90,486)	(36,288)
	<b>\$ 77,597</b>	<b>\$ 99,234</b>

**Note C - Deferred Cable License Fee**

The Association entered into an agreement with a cable television provider on June 1, 2016 for exclusive rights to provide cable communication systems to the Association. In return, the Association received \$77,760 which is being amortized to income over the nine-year agreement. The Association recorded \$8,640 as cable license fee income for the year ended December 31, 2019 which leaves \$46,800 as a deferred cable license fee on the balance sheet as of December 31, 2019.

**Note D - Note Payable - Insurance**

In June 2019, the Association entered into an agreement with a financing company to finance insurance premiums. The note calls for monthly payments of \$22,003 with a final payment due in May 2020 and an interest rate of 6.05%. As of December 31, 2019, the principal balance remaining was \$86,914. The financing company has a security interest in the unearned premiums or other sums which may become payable under the related insurance policies.

**Note E - Contract Liabilities**

Contract liabilities generally represent payments or consideration received in advance for future major repairs and replacements that the Association has not yet transferred to the unit owners. Contract liabilities as of December 31, 2019 consisted of deferred maintenance and capital expenditures of \$1,888,935.

Changes in contract liabilities during the year ended December 31, 2019 were as follows:

Deferred maintenance and capital expenditures at beginning of year	\$ 1,754,036
Additions (replacement reserve assessments)	234,132
Revenue recognized	(99,233)
<b>Deferred maintenance and capital expenditures at end of year</b>	<b>\$ 1,888,935</b>

**Note F - Future Major Repairs and Replacements**

During the year ended December 31, 2019, the Association was in compliance with Chapter 718.112(2)(f)2 of the Florida Statutes which requires the Association's budget to include assessments for future major repairs and replacements, unless waived by an annual vote of the

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note F - Future Major Repairs and Replacements (continued)**

unit owners. Such assessments shall be for items including, but not limited to, roof replacement, building painting, pavement resurfacing and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The Association conducted a study to estimate the remaining useful lives and the replacement costs of the common property components.

During the year ended December 31, 2019, the Association was in compliance with their funding policy for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement cost, considering amounts previously accumulated in the replacement fund. Funding for such major repairs and replacements is based on a separate analysis of each of the components, commonly referred to as the straight-line method. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the option to increase regular assessments, levy special assessments, borrow, or delay major repairs and replacements until funds are available.

**Note G - Related Party Transactions**

**Master assessments**

Unit owners are members of Palmer Ranch Master Property Owners Association (the "Master") and pay a portion of expenses related to operating certain common areas and facilities owned by the Master. During the year ended December 31, 2019, the Association recognized \$51,937 as revenue and \$51,937 as expenses and an amount prepaid to Master of \$12,984 at December 31, 2019 which is recorded on the accompanying balance sheet as prepaid expenses.

**Note H - Litigation**

During 2019, the Association settled with the succession conversion developer for the amount of \$369,750 after attorney fees. The Association has recorded this amount along with a \$900,000 settlement from the insurance company as settlements receivable on the balance sheet totaling \$1,269,750.

**Note I - Contingency Rebuilding**

On January 5, 2017, the Board of Directors passed an operating budget which included \$2,000,000 for funding of the first phase of work to remedy construction defects and deficiencies of the buildings. These additional monthly assessments are based on the percentage of square footage each unit owns.

For the years 2018, 2019, and 2020, the Board of Directors also voted to fund the same amount based on the square footage of each unit until all construction phases are completed.

As of December 31, 2019, there was \$178,344 of accrued construction retainage related to the contingency rebuilding project and a liability for remaining construction contract of \$2,010,076.

**Vintage Grand Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note J - Prior-Period Adjustment**

The accompanying financial statements have been restated to correct an error in recognizing costs related to the contingency rebuilding project in prior years. The effect of the restatement was to increase the liability for remaining construction contract by \$4,791,465. Operating fund balance at the beginning of 2019 has been adjusted for the effect of the restatement on prior years.

**Note K - Commitments and Contingencies**

**Insurance coverage**

The Association maintains insurance coverage for damage sustained by the condominium building. The insurance policy contains a deductible clause which would require the Association to pay a certain amount of expenses prior to the insurance company covering the remaining costs. In addition, as certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such losses in excess of the deductible cannot be determined.

**Note L - Subsequent Events**

Management has assessed subsequent events through May 24, 2021, the date on which the financial statements were available to be issued.

***Supplementary Information***

**Vintage Grand Condominium Association, Inc.**  
**Schedule of Future Major Repairs and Replacements (Unaudited)**  
**December 31, 2019**

The Association conducted a study in December 2015 to estimate the remaining useful lives and the replacement costs of the components of common property. These estimates were obtained from professional engineers. Replacement costs were based on the estimated current costs to repair or replace the common property components at the date of the study.

The Association allocates interest earned in the replacement fund to future deferred maintenance and capital expenditures.

The following is a presentation of components to be repaired and replaced, estimates of the remaining useful lives of those components, estimates of current replacement costs, and amounts of funds accumulated for each to the extent designated by the board:

<b>Reserve Account</b>	<b>Estimated Remaining Useful Life (in years)</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Expenditures</b>	<b>Transfers</b>	<b>Ending Balance</b>	<b>Estimated Current Replacement Costs</b>	<b>2020 Statutory Funding</b>
Roof replacement	5	\$ 1,214,715	\$ 175,000	\$ -	\$ -	\$ 1,389,715	\$ 2,391,400	\$ 110,185
Exterior painting	2	283,948	5,700	(52,592)	-	237,056	301,080	17,607
Pavement resurfacing	4	80,545	15,000	-	-	95,545	394,722	41,137
Air conditioning equipment	1	3,587	2,974	-	-	6,561	12,000	2,991
Pool and spa	1	14,876	-	(9,187)	-	5,689	76,983	39,212
Pool deck	32	2,109	-	-	-	2,109	163,590	2,775
Electrical	9	69,876	-	-	-	69,876	115,500	2,788
Fire/safety	7	56,960	25,000	(30,860)	-	51,100	527,525	37,433
Plumbing	9	39,440	-	(8,156)	-	31,284	270,200	14,600
Irrigation/drainage	13	(12,020)	10,458	-	1,562	-	18,750	793
Unallocated interest		4,379	24,344	-	(1,562)	27,161	-	-
		<b>\$ 1,758,415</b>	<b>\$ 258,476</b>	<b>\$ (100,795)</b>	<b>\$ -</b>	<b>\$ 1,916,096</b>	<b>\$ 4,271,750</b>	<b>\$ 269,521</b>

**Vintage Grand Condominium Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited)**  
**Year Ended December 31, 2019**

<b>Revenues</b>	
Assessments	\$ 1,257,641
Contingency rebuilding	2,000,000
Cable license fee	8,640
Interest income	6,340
Late fees	6,496
Other owner income	44,511
Settlements	1,269,750
<b>Total revenues</b>	<u>4,593,378</u>
<b>Expenses</b>	
<b>Building maintenance</b>	
Pest control	17,050
Dry wall maintenance	98,016
Locks and keys	219
Building maintenance replace/service/repair	56,201
Extra repair of one unit	30,705
Miscellaneous equipment maintenance small tool	1,435
Electrical repairs	15,923
A/C and heating supplies	5,857
Plumbing repairs	11,932
Roof repairs	52,586
Window repairs	743
Gutter repairs	250
Safety	27,754
Security	18,683
<b>Total building maintenance</b>	<u>337,354</u>
<b>Grounds maintenance</b>	
Lawn and ground supplies	4,484
Additional plantings	7,800
Landscaping maintenance	110,700
Grounds expense - other	35,631
Gasoline/golf carts	2,468
Irrigation repairs	21,859
<b>Total grounds maintenance</b>	<u>182,942</u>
<b>Common areas</b>	
Pool and spa maintenance	25,138
Pool supplies and repairs	70

**Vintage Grand Condominium Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)**  
**Year Ended December 31, 2019**

Pool fuel	3,238
Cleaning	3,030
Painting	556
Exercise room repairs and maintenance	1,418
<b>Total common areas</b>	33,450
<b>Utilities</b>	
Water and sewer	282,618
Water recovery	(203,341)
Trash	4,736
Electricity	28,616
<b>Total utilities</b>	112,629
<b>Administrative</b>	
Insurance	338,623
Staffing/personnel	252,370
Uniforms	231
Legal	11,463
Legal collection and foreclosures	13,498
Legal rental suit	(11,430)
CPA services	3,750
Professional services	9,773
Licenses/filing fees	1,728
Management fees	50,544
Postage and printing	8,791
Bank fees/coupon books	1,838
Miscellaneous administrative	16,088
Background check	1,528
Membership dues	538
Answering service	850
Telephone	4,918
Office equipment/internet	4,447
Office equipment rental	3,740
Master association fees	51,937
<b>Total administrative</b>	765,225
<b>Total expenses</b>	1,431,600
<b>Excess of Revenues Over (Under) Expenses</b>	<b>\$ 3,161,778</b>