

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019



GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Grand Isles Master Homeowners Association, Inc.
Wellington, Florida

We have audited the accompanying financial statements of Grand Isles Master Homeowners Association, Inc., which comprise the balance sheets as of December 31, 2019, and the related statements of revenues and expenses, and changes in fund balance (deficit) and cash flows for the years 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 audits. We conducted our audits 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.

To the Board of Directors
Grand Isles Master Homeowners Association, Inc.
Wellington, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Isles Master Homeowners Association, Inc., as of December 31, 2019, and the results of its operations and its cash flows for the years 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 operating expenses, the schedule of operating revenues and expenses - budget vs. actual - master and the schedule of operating revenues and expenses - budget vs. actual - carmel are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and 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 supplementary information on future major repairs and replacements on pages 18 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.


Gladstone & Company, LLC
Certified Public Accountants
Sunrise, Florida
March 19, 2020

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
BALANCE SHEET
December 31, 2019

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 81,922	\$ 252,366	\$ 334,288
Certificates of Deposit	-	112,558	112,558
Member Assessments Receivable (Net of Allowance for Doubtful Accounts of \$21,030)	31,924	-	31,924
Prepaid Insurance	39,584	-	39,584
Prepaid Expenses	2,625	-	2,625
Due from Operating Fund	-	4,966	4,966
Due to Replacement Fund	(4,966)	-	(4,966)
 Total Assets	 \$ 151,089	 \$ 369,890	 \$ 520,979

LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 36,151	\$ -	\$ 36,151
Prepaid Member Assessments	96,945	-	96,945
Insurance Loan Payable	35,033	-	35,033
Contract Liabilities	-	365,200	365,200
 Total Liabilities	 168,129	 365,200	 533,329
 FUND BALANCE (DEFICIT)			
Master	10,328	3,818	14,146
Carmel	(27,368)	872	(26,496)
 Total Fund Balance (Deficit)	 (17,040)	 4,690	 (12,350)
 Total Liabilities and Fund Balance (Deficit)	 \$ 151,089	 \$ 369,890	 \$ 520,979

The accompanying notes are an integral part of these financial statements.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE (DEFICIT)
For the Year Ended December 31, 2019

	Operating Fund	Replacement Fund	Total
REVENUES			
Member Assessments	\$ 992,225	\$ 148,952	\$ 1,141,177
Bad Debt Expense	(6,500)	-	(6,500)
Total Member Assessments	985,725	148,952	1,134,677
Median Maintenance Income	7,885	-	7,885
Late Fees and Owner Interest Income	11,891	-	11,891
Fines	2,456	-	2,456
Legal Fee Recovery	1,062	-	1,062
Orientation Fees	10,500	-	10,500
Gate Card Income and Pool Key Income	10,623	-	10,623
Rental Home Contribution	5,700	-	5,700
Interest Income	14	1,697	1,711
	<u>1,035,856</u>	<u>150,649</u>	<u>1,186,505</u>
EXPENSES			
Administrative	180,120	-	180,120
Contract Services	519,751	-	519,751
Repairs and Maintenance	79,686	-	79,686
Grounds Maintenance	42,344	-	42,344
Utilities	70,026	-	70,026
Carmel Expenses	153,934	-	153,934
Reserve Expenses	-	148,952	148,952
	<u>1,045,861</u>	<u>148,952</u>	<u>1,194,813</u>
Excess (Deficiency) of Revenues over Expenses	(10,005)	1,697	(8,308)
Fund Balance (Deficit) - Beginning of Year	(7,035)	2,993	(4,042)
Fund Balance (Deficit) - End of Year	<u>\$ (17,040)</u>	<u>\$ 4,690</u>	<u>\$ (12,350)</u>

The accompanying notes are an integral part of these financial statements.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (Deficiency) of Revenues over Expenses	\$ (10,005)	\$ 1,697	\$ (8,308)
Adjustments to Reconcile Excess (Deficiency) of Revenues over Expenses to Net Cash Provided by (Used in) Operating Activities:			
Bad Debt Expense	6,500	-	6,500
(Increase) Decrease in Assets:			
Member Assessments Receivables, Net	(11,610)	-	(11,610)
Prepaid Insurance	(32,984)	-	(32,984)
Prepaid Expenses	115	-	115
Interfund Borrowings	(139)	139	-
Increase (Decrease) in Liabilities:			
Accounts Payable and Accrued Expenses	(62,749)	-	(62,749)
Prepaid Member Assessments	14,823	-	14,823
Contract Liabilities	-	49,259	49,259
Net Cash Provided by (Used in) Operating Activities	<u>(96,049)</u>	<u>51,095</u>	<u>(44,954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemptions of Certificates of Deposit, Net of (Acquisitions)	<u>-</u>	<u>9,034</u>	<u>9,034</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>9,034</u>	<u>9,034</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Insurance Loan Payable, Net of Repayments	<u>35,033</u>	<u>-</u>	<u>35,033</u>
Net Cash Provided by Financing Activities	<u>35,033</u>	<u>-</u>	<u>35,033</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(61,016)	60,129	(887)
Cash and Cash Equivalents - Beginning of Year	<u>142,938</u>	<u>192,237</u>	<u>335,175</u>
Cash and Cash Equivalents - End of Year	<u>\$ 81,922</u>	<u>\$ 252,366</u>	<u>\$ 334,288</u>
SUPPLEMENTAL INFORMATION			
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Interest Paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization - Grand Isles Master Homeowners Association, Inc. (the "Association"), was incorporated as a not-for-profit corporation on March 22, 1996, in the State of Florida for the purpose of maintaining and preserving the common areas of the Association. Grand Isles Master Homeowners Association, Inc. consists of 611 residential units located in Wellington, Florida.

The community of Carmel, consisting of 183 residential units, is a sub division within the Grand Isles Master Homeowners Association, Inc. Their monthly maintenance assessments include specific recreation area amenities (pool, etc.) that are for the sole benefit of Carmel owners.

2. 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.

3. Basis of Accounting - The books and records are maintained on the accrual basis of accounting which recognizes revenues when earned, regardless of when received, and expenses when incurred, regardless of when paid, which is in accordance with accounting principles generally accepted in the United States of America.

4. Member Assessments - Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. 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 are 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 at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are delinquent, in accordance with the Association's late fee policy. At December 31, 2019, the Association had delinquent assessments of \$52,954 and has, therefore, set up an allowance for uncollectible accounts.

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 experience and susceptibility to factors outside the Association's control. The balances of assessments receivable, net of allowance for bad debt, as of the beginning and end of the year are \$26,814 and \$31,924, respectively.

5. Interest Income - The Board of Directors' policy is to allocate to the operating and replacement funds all interest earned on their respective cash and cash equivalent and investment accounts.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

6. Use of Estimates in the Preparation of Financial Statements - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

7. Recognition of Assets and Depreciation Policy - Real and personal common property acquired by the original homeowners from the developer and related improvements to such property are not recognized on the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

8. Cash and Cash Equivalents - For purposes of the December 31, 2019 balance sheets and statements of cash flows for the year then ended, the Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents

9. Income Taxes - The Association's policy is to record interest expense or penalties related to income tax in operating expenses. For the year ended December 31, 2019, no interest or penalties were paid or accrued.

The Association may be taxed either as a homeowners association or as a regular corporation. This election is made annually taking into account the best interest of the Association. For the year ended December 31, 2019, the Association elected to file 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 assessments to owners. The Association's investment income and other nonexempt income are subject to tax at a rate of 30%, net of any applicable expenses.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Association and recognize a tax liability if the Association has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Association and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Under federal and state income tax laws, an entity's income tax returns are subject to examination by the applicable taxing authorities; however, there are currently no examinations for any tax periods in progress. The Association's management believes it is no longer subject to income tax examinations for years prior to 2016.

10. Concentration of Credit Risk - Financial instruments which potentially subject the Association to concentrations of credit risk are primarily cash and assessments receivable. The Association invests its excess cash in both deposits and high quality short-term liquid money market instruments with major financial institutions, and the carrying value approximates market value. The Association has not experienced losses related to these investments. The Association believes it is not exposed to any significant credit risk on cash and assessments receivable.

11. Comprehensive Income - ASC 220 (formerly SFAS No. 130) requires "a full set of general-purpose financial statements to be expanded to include the reporting of comprehensive income." Comprehensive income is comprised of two components, net income and other comprehensive income. For the year ended December 31, 2019, there were no items that qualify as comprehensive income.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2019

NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Fair Value of Financial Instruments - The carrying amounts of cash, receivables, and payables approximate their fair values due to their short-term maturities.

13. Current Liabilities - The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability 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 as of the beginning and end of the year are 315,941 and \$365,200, respectively.

NOTE B - REPLACEMENT FUND

The Association has established reserves. Accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The following disclosure is made in accordance with Florida Statute 720.303(6)(c)2:

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

The activity in the replacement fund was as follows:

Components	Fund	Contract	Budgeted	Interest	Expenses	Contract	Fund
	Balance	Liabilities				Liabilities	Balance
	01/01/19	01/01/19	Assessments	Income		12/31/19	12/31/19
MASTER							
General	\$ -	\$ 229,873	\$ 181,189	\$ -	\$(129,476)	281,586	\$ -
Capital Improvements / Emergency	-	13,257	5,000	-	-	18,257	-
Storm Damage / Insurance Deductible	-	1,975	5,600	-	-	7,575	-
Interest Income	2,530	-	-	1,288	-	-	3,818
	<u>2,530</u>	<u>245,105</u>	<u>191,789</u>	<u>1,288</u>	<u>(129,476)</u>	<u>307,418</u>	<u>3,818</u>
CARMEL							
General	-	58,372	5,422	-	(6,476)	57,318	-
Capital Improvements / Emergency	-	12,464	1,000	-	(13,000)	464	-
Interest Income	463	-	-	409	-	-	872
	<u>463</u>	<u>70,836</u>	<u>6,422</u>	<u>409</u>	<u>(19,476)</u>	<u>57,782</u>	<u>872</u>
Totals	<u>\$ 2,993</u>	<u>\$ 315,941</u>	<u>\$ 198,211</u>	<u>\$ 1,697</u>	<u>\$(148,952)</u>	<u>\$ 365,200</u>	<u>\$ 4,690</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE B - REPLACEMENT FUND (Continued)

Pursuant to FASB ASC 606, the Association recognizes replacement fund revenue from members as the related performance obligations are satisfied. For the year ended December 31, 2019, the Association recognized \$148,952 of member assessment revenue.

The Board of Directors had a study conducted by professional engineers in May, 2017 to estimate the remaining useful lives and the replacement costs of the components of common property. 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. 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. Accordingly, the funding requirements of \$198,211 and \$235,865 have been included in the 2019 and 2020 budgets, respectively.

NOTE C - ASSOCIATION INSURANCE DEDUCTIBLES

Common property of the Association is located in South Florida, an area proven geographically prone to hurricanes. The Association's insurance policies define deductibles and exclusions which will yield uncovered costs if common property damage claims occur. If additional funds are needed to replace or repair common property, the Association has the right, subject to governing documents, to increase regular assessments, pass special assessments, borrow funds or delay major repairs and replacements until funds are available.

NOTE D - CERTIFICATES OF DEPOSIT

At December 31, 2019, the Association had \$112,558 in certificates of deposit with various interest rates and maturity dates in 2020. It is the intent of the Association to hold these certificates until maturity. If these certificates are liquidated prior to maturity, they would be subject to market fluctuations and possibly early withdrawal penalties.

NOTE E - OTHER COMMITMENTS AND CONTINGENCIES

The Association has contracted with various vendors for various services to maintain the common property related to certain administrative, building operations and maintenance, and contract expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

NOTE F - LEGAL MATTERS

The Association is a party to various legal actions normally associated with homeowner associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2019

NOTE G - UNINSURED CASH BALANCES

The Association maintains its cash balances at one major financial institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019, the Association's uninsured cash balances total \$132,245. The Association believes it is not exposed to any significant credit risk on cash and has not incurred losses related to these investments.

NOTE H - SETTLEMENT AGREEMENT

During December 2019, the Association negotiated a settlement proposal with a Defendant. The General Release and Confidentiality Agreement was signed by both parties. The agreement requires that the terms shall remain confidential.

NOTE I - INSURANCE LOAN PAYABLE

On December 31, 2019, the Association entered into a finance agreement to finance the cost of insurance premiums. The agreement stipulated a down payment of \$4,220 with eleven monthly payments of \$3,185 including interest of 7.45% per annum beginning February 1, 2020. The remaining payments due at December 31, 2019, totaled \$35,033.

NOTE J - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). 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 a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the 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 our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2019:

Total Fund Balance, as previously reported, at January 1, 2019	\$ 311,899
Adjustment	<u>(315,941)</u>
Total Fund Balance (Deficit), as adjusted, at January 1, 2019	<u>\$ (4,042)</u>

The effect of the adoption is a decrease in the amount of 2019 replacement fund member assessments recognized as revenue by \$49,259 and a recording of contract liabilities at December 31, 2019 of \$365,200. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS (Continued)
 December 31, 2019

NOTE J - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION (Continued)

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2019 financial statements. Following are the line items from our 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:

	Amounts That Would Have Been Reported Under Former Guidance	Effects of Applying New Guidance	As Reported Under New Guidance
Liabilities:			
Contract Liabilities	\$ -	\$ 365,200	\$ 365,200
Total Liabilities	\$ 168,129	\$ 365,200	\$ 533,329
Fund Balance:			
Ending Fund Balance (Deficit)	\$ 352,850	\$ (365,200)	\$ (12,350)

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of 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:

	Amounts That Would Have Been Reported Under Former Guidance	Effects of Applying New Guidance	As Reported Under New Guidance
Revenues:			
Total Member Assessments	\$ 1,190,436	\$ (55,759)	\$ 1,134,677
Excess (Deficiency) of Revenues over Expenses	\$ 40,951	\$ (49,259)	\$ (8,308)
Cash Flows:			
Excess (Deficiency) of Revenues over Expenses	\$ 40,951	\$ (49,259)	\$ (8,308)
Increase in Contract Liabilities	\$ -	\$ 49,259	\$ 49,259

NOTE K - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 19, 2020, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPERATING EXPENSES
 For the Year Ended December 31, 2019

EXPENSES	<u>(Actual)</u>
ADMINISTRATIVE	
Audit Expense	\$ 5,600
Bank Fees	419
Community Activities	9,506
Coupon Expense	1,986
Insurance	32,087
Legal Fees	109,584
Licenses and Fees	8,942
Miscellaneous	1,569
Office Expense	7,952
Web Hosting	<u>2,475</u>
Total Administrative	<u>180,120</u>
 CONTRACT SERVICES	
Gatehouse Attendants	129,610
Holiday Lights	9,488
Janitorial Service	30,804
Lake Maintenance	18,870
Landscaping Maintenance	154,546
Management Fees	91,120
Mulching	13,725
Pest Control	1,985
Pool Maintenance and Repairs	13,446
Sheriff Patrols	<u>56,157</u>
Total Contract Services	<u>519,751</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPERATING EXPENSES (continued)
 For the Year Ended December 31, 2019

EXPENSES	<u>(Actual)</u>
REPAIRS and MAINTENANCE	
Air Conditioning	4,502
Clicker and Key	836
Fire Safety	1,499
Fitness Center	3,221
Gate	14,045
General	13,190
Golf Cart	2,851
Guardhouse	294
Irrigation Maintenance	27,326
Lighting Electrical	5,130
Pressure Cleaning	5,475
Road and Sign	<u>1,317</u>
Total Repairs and Maintenance	<u>79,686</u>
GROUNDS MAINTENANCE	
Ficus Hedge Replacements	6,928
Hurricane Preparation and Cleanup	3,115
Landscape Extra / Whitefly	2,855
Landscape Replacement	492
Queen Palm Replacements	300
Recreation Area Repairs	3,798
Tree Trimming Replacement	<u>24,856</u>
Total Grounds Maintenance	<u>42,344</u>
UTILITIES	
Electricity	50,857
Telephone and Internet	14,178
Trash	1,810
Water and Sewer	<u>3,181</u>
Total Utilities	<u>70,026</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPERATING EXPENSES (continued)
 For the Year Ended December 31, 2019

EXPENSES	<u>(Actual)</u>
CARMEL EXPENSES	
Audit Expense	1,400
Electricity	11,287
Insurance	3,360
Irrigation Maintenance	29,065
Janitorial	11,681
Landscape Maintenance	42,645
Landscape Replacement	2,452
Lighting Repairs and Maintenance	65
Management Fees	40,472
Pest Control	785
Pool Maintenance and Repairs	8,729
Pressure Cleaning	500
Recreation Area Repairs and Maintenance	385
Water and Sewer	<u>1,108</u>
Total Carmel Expenses	<u>153,934</u>
TOTAL EXPENSES	<u>\$ 1,045,861</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
MASTER
SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET VS. ACTUAL
For the Year Ended December 31, 2019

	Operating Fund	Budget (Unaudited)	Variance (Unaudited)
REVENUES			
Member Assessments	\$ 827,359	\$ 827,359	\$ -
Bad Debt Expense	(6,500)	(6,000)	(500)
Total Member Assessments	820,859	821,359	(500)
Median Maintenance Income	7,885	7,885	-
Late Fees and Owner Interest Income	11,891	10,000	1,891
Fines	2,456	5,000	(2,544)
Legal Fee Recovery	1,062	4,000	(2,938)
Orientation Fees	10,500	11,000	(500)
Gate Card and Pool Key Income	10,623	10,000	623
Rental Home Contribution	5,700	5,000	700
Repayment from Carmel	-	5,000	(5,000)
Interest Income	14	25	(11)
Total Revenues	<u>870,990</u>	<u>879,269</u>	<u>(8,279)</u>
EXPENSES			
ADMINISTRATIVE			
Administrative Storage	-	500	500
Audit Expense	5,600	5,600	-
Bank Fees	419	500	81
Barcode Expense	-	1,000	1,000
Community Activities	9,506	5,000	(4,506)
Coupon Expense	1,986	2,000	14
Insurance	32,087	27,000	(5,087)
Legal Fees	109,584	32,000	(77,584)
Licenses and Fees	8,942	810	(8,132)
Miscellaneous	1,569	2,000	431
Office Expense	7,952	2,000	(5,952)
Operating Budget Shortfall	-	46,232	46,232
Repayment to Master Reserve	-	7,000	7,000
Other - Master	-	294	294
Studies (Reserve and Insurance)	-	1,400	1,400
Web Hosting	2,475	1,000	(1,475)
Total Administrative	<u>180,120</u>	<u>134,336</u>	<u>(45,784)</u>
CONTRACT SERVICES			
Gatehouse Attendants	129,610	129,000	(610)
Holiday Lights	9,488	10,000	512
Janitorial Service	30,804	30,000	(804)
Lake Maintenance	18,870	20,000	1,130
Landscaping Maintenance	154,546	149,556	(4,990)
Management Fees	91,120	96,100	4,980
Mulching	13,725	15,000	1,275
Pest Control	1,985	2,000	15
Pool Maintenance and Repairs	13,446	12,000	(1,446)
Sheriff Patrols	56,157	86,112	29,955
Total Contract Services	<u>519,751</u>	<u>549,768</u>	<u>30,017</u>

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION
MASTER
SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET VS. ACTUAL (continued)
For the Year Ended December 31, 2019

	Operating Fund	Budget (Unaudited)	Variance (Unaudited)
EXPENSES			
REPAIRS and MAINTENANCE			
Air Conditioning	4,502	3,000	(1,502)
Clicker and Key	836	1,000	164
Fire Safety	1,499	3,000	1,501
Fitness Center	3,221	2,000	(1,221)
Gate	14,045	7,500	(6,545)
General	13,190	3,000	(10,190)
Golf Cart	2,851	1,500	(1,351)
Guardhouse	294	1,000	706
Irrigation Maintenance	27,326	21,840	(5,486)
Lighting Electrical	5,130	5,000	(130)
Pressure Cleaning	5,475	4,500	(975)
Road and Sign	1,317	500	(817)
Unit Maintenance	-	500	500
	<u>79,686</u>	<u>54,340</u>	<u>(25,346)</u>
TOTAL Repairs and Maintenance			
GROUNDS MAINTENANCE			
Hurricane Preparation and Cleanup	3,115	10,000	6,885
Ficus Hedge Replacements	6,928	11,000	4,072
Landscape Extra / Whitefly	2,855	10,000	7,145
Landscape Replacement	492	10,000	9,508
Queen Palm Replacements	300	5,000	4,700
Recreation Area Repairs	3,798	3,000	(798)
Tree Trimming Replacement	24,856	23,000	(1,856)
	<u>42,344</u>	<u>72,000</u>	<u>29,656</u>
TOTAL Grounds Maintenance			
UTILITIES			
Electricity	50,857	51,819	962
Telephone and Internet	14,178	11,499	(2,679)
Trash	1,810	1,765	(45)
Water and Sewer	3,181	3,742	561
	<u>70,026</u>	<u>68,825</u>	<u>(1,201)</u>
TOTAL Utilities			
TOTAL Expenses			
	<u>891,927</u>	<u>879,269</u>	<u>(12,658)</u>
(Deficiency) of Revenues over Expenses	\$ (20,937)	\$ -	\$ (20,937)
Fund Balance - Beginning of Year	<u>31,265</u>		
Fund Balance - End of Year	<u>\$ 10,328</u>		

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION
 CARMEL
 SCHEDULE OF OPERATING REVENUES AND EXPENSES - BUDGET VS. ACTUAL
 For the Year Ended December 31, 2019

	Operating Fund	Budget (Unaudited)	Variance (Unaudited)
REVENUES			
Member Assessments - Carmel	164,866	164,866	-
Total Revenues	164,866	164,866	-
EXPENSES			
Audit Expense	1,400	1,400	-
Electricity	11,287	9,035	(2,252)
Insurance	3,360	3,000	(360)
Irrigation Maintenance	29,065	14,000	(15,065)
Janitorial	11,681	12,000	319
Landscape Maintenance	42,645	42,000	(645)
Landscape Replacement	2,452	3,000	548
Lighting Repairs and Maintenance	65	500	435
Management Fees	40,472	40,400	(72)
Operating Budget Shortfall	-	21,223	21,223
Other	-	608	608
Pest Control	785	700	(85)
Pool Maintenance and Repairs	8,729	8,500	(229)
Pressure Cleaning	500	500	-
Recreation Area Repairs and Maintenance	385	1,000	615
Repayment to Operating Budget	-	5,000	5,000
Water and Sewer	1,108	2,000	892
Total Expenses	153,934	164,866	10,932
Excess of Revenues over Expenses	\$ 10,932	\$ -	\$ 10,932
Fund Balance (Deficit) - Beginning of Year	(38,300)		
Fund Balance (Deficit) - End of Year	\$ (27,368)		

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS (Continued)
December 31, 2019
(Unaudited)

The Board of Directors had a study conducted by professional engineers in May, 2017 to estimate the remaining useful lives and the replacement costs of the components of common property.

The following table is based on the study and present the significant information about the components of common property.

Components	Estimated Useful Lives (Years)	Estimated Remaining Useful Lives (Years)	Estimated Replacement Costs	2020 Reserve Contribution
MASTER				
Site and Grounds				
Concrete Sidewalks - Repair	20	2	\$ 20,300	\$ 6,250
Pavers (Roadways) - Replace	50	30	25,000	833
Asphalt - Resurface	30	10	740,000	51,032
Site Fencing (Chain Link) - Replace	30	10	88,650	8,865
Entry/Exit Gates - Replace	25	10	17,300	1,730
Sign/Monuments - Refurbish/Replace	20	5	30,000	6,000
Clubhouse Path Lights - Replace	20	20	25,000	1,250
Parking, Road Pole Lights - Replace	25	25	21,600	800
Trees - Trim/Remove	1	1	7,000	-
			974,850	
MASTER				
Clubhouse and Guardhouse				
Building Exteriors - Seal/Paint	10	1	7,500	7,500
Windows/Doors (Clubhouse) - Replace	25	2	73,150	36,575
Clubhouse Roof (Tile) - Replace	25	3	50,000	16,667
Guardhouse Roof (Tile) - Replace	25	21	3,600	171
Fitness Room - Remodel	15	9	9,000	888
Fitness Equipment - Partial Replace	4	4	14,000	3,500
Clubhouse - Remodel Allowance	15	0	75,000	-
Kitchen - Remodel	15	0	2,000	-
Bathrooms - Remodel	15	0	55,000	-
Office - Remodel	10	2	3,000	1,000
			292,250	
MASTER				
Mechanical / Electrical / Plumbing				
Barcode Readers - Replace	15	12	30,000	2,500
Gate Operators - Replace	15	12	13,550	1,129
Barrier Arm Operator(s) - Replace	15	3	17,000	5,666
HVAC (Clubhouse: 2004-2005) - Replac	15	15	4,500	300
HVAC (Clubhouse: 2013-2014) - Replac	15	15	4,500	300
HVAC System (Guardhouse) - Replace	15	15	3,200	213
Security Cameras - Upgrade / Replace	8	3	18,000	4,500
Fire Alarm System - Modernize	20	2	3,200	1,000
Irrigation Pumps - Repair/Replace	5	0	2,500	-
Irrigation Controls - Partial Replace	5	0	3,000	-
Pond Fountain(s) - Replace	10	2	8,000	4,000
			107,450	

GRAND ISLES MASTER HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
December 31, 2019
(Unaudited)

<u>Components</u>	<u>Estimated Useful Lives (Years)</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Replacement Costs</u>	<u>2020 Reserve Contribution</u>
MASTER				
Exterior Amenities				
Pool Deck Furniture - Replace	8	8	9,852	1,231
Pool Deck (Coated) - Resurface	20	20	4,050	2,025
Pool Deck (Pavers) - Resurface	30	10	33,350	3,335
Pool Fence - Replace	25	3	28,000	9,333
Swimming Pools - Resurface	12	1	21,000	18,000
Pool Heaters - Replace	10	10	10,000	1,000
Pool Equipment - Maintain/Replace	5	1	2,000	1,000
Playground Fall Surface - Replace	15	10	25,000	2,500
Playground Fence - Replace	25	21	4,450	212
Playground Equipment - Replace	25	21	70,000	3,333
Tennis Court(s) Hard - Recoat	5	1	11,550	11,550
Tennis Court(s) Hard - Resurface	30	24	30,000	1,250
Tennis Court Fencing - Replace	30	24	8,450	352
Sport Court Lighting - Replace	30	8	27,000	3,375
Basketball Court - Repair/Recoat	5	1	4,250	4,250
Basketball Court - Resurface	30	24	11,500	479
			<u>300,452</u>	
TOTAL MASTER			<u>1,374,550</u>	<u>225,894</u>
CARMEL				
Pool and Recreation Facilities				
Shade/Canopy - Replace	10	10	3,400	340
Pool Building - Seal/Paint	10	0	1,250	
Pool Building Roof - Replace	25	3	6,435	1,008
Irrigation Pumps - Replace	15	11	10,000	909
Bathrooms - Remodel	15	15	10,000	666
Pool Deck Furniture - Replace	8	8	4,221	527
Pool Deck (Coated) - Seal/Repair	10	10	4,000	440
Pool Deck (Coated) - Resurface	25	25	30,750	830
Pool Fence - Replace	25	8	19,800	2,350
Swimming Pools - Resurface	12	2	16,750	1,871
Pool Heater (New) - Replace	8	5	3,500	700
Pool Heater (Old) - Replace	8	8	3,500	-
Pool Equipment - Maintain/Replace	5	5	2,500	330
			<u>116,106</u>	<u>9,971</u>
TOTAL CARMEL			<u>116,106</u>	<u>9,971</u>
TOTAL			<u>\$ 1,490,656</u>	<u>\$ 235,865</u>