

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED

DECEMBER 31, 2020

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

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RICHARD C. COMMONS, P.A.

CERTIFIED PUBLIC ACCOUNTANT

taxes . accounting . financial strategies

May 6, 2021

To the Board of Directors of
Scopello Condominium Association, Inc.
Indian Rocks Beach, Florida

Management is responsible for the accompanying financial statements of Scopello Condominium Association, Inc., which comprise the balance sheet as of December 31, 2020, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The supplementary schedule of operating revenue and expenses – actual and budgeted on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

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 on pages 9 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. The information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on it.

We are not independent with respect to Scopello Condominium Association, Inc.

Richard C. Commons, P.A.
Certified Public Accountant
Clearwater, Florida

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

Balance Sheet

December 31, 2020

<u>Assets</u>	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash	\$ 59,448	\$ 103,402	\$ 162,850
Accounts receivable	26	-	26
Prepaid expenses	15,152	-	15,152
Utility deposits	1,660	-	1,660
Due from operating fund	-	4,155	4,155
	<u>-</u>	<u>4,155</u>	<u>4,155</u>
Total assets	<u>\$ 76,286</u>	<u>\$ 107,557</u>	<u>\$ 183,843</u>
<u>Liabilities and Fund Balances</u>			
Accounts payable	\$ 1,568	\$ -	\$ 1,568
Prepaid assessments	4,319	-	4,319
Due to replacement fund	4,155	-	4,155
Total liabilities	<u>10,042</u>	<u>-</u>	<u>10,042</u>
Fund balance	<u>66,244</u>	<u>107,557</u>	<u>173,801</u>
Total liabilities and members' equity	<u>\$ 76,286</u>	<u>\$ 107,557</u>	<u>\$ 183,843</u>

See accompanying notes to financial statements and accountant's compilation report.

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

Statement of Revenues, Expenses and Changes in Fund Balance

For the Year Ended December 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues:			
Regular assessments	\$ 107,483	\$ 31,656	\$ 139,139
Interest income	6	338	344
Other income	<u>475</u>	<u>-</u>	<u>475</u>
	<u>107,964</u>	<u>31,994</u>	<u>139,958</u>
Expenses:			
Administrative	4,958	-	4,958
Operating	26,092	-	26,092
Repairs and replacements	46,974	26,839	73,813
Insurance and other	<u>29,158</u>	<u>-</u>	<u>29,158</u>
Total expenses	<u>107,182</u>	<u>26,839</u>	<u>134,021</u>
Excess (deficit) of revenues over expenses	782	5,155	5,937
Fund balance - beginning of year	<u>65,462</u>	<u>102,402</u>	<u>67,864</u>
Fund balance - end of year	<u>\$ 66,244</u>	<u>\$ 107,557</u>	<u>\$ 173,801</u>

See accompanying notes to financial statements and accountant's compilation report.

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

Statement of Cash Flows

For the Year Ended December 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficit) of revenues over expenses	\$ 782	\$ 5,155	\$ 5,937
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments receivable	(26)	-	(26)
Prepaid expenses	4,493	-	4,493
Due from operating fund	-	(4,155)	(4,155)
Increase (decrease) in:			
Accounts payable	204	-	204
Assessments received in advance	(9,981)	-	(9,981)
Due to replacement fund	<u>4,155</u>	<u>-</u>	<u>4,155</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(373)	1,000	627
 CASH AT BEGINNING OF YEAR	 <u>59,821</u>	 <u>102,402</u>	 <u>162,223</u>
CAST AT END OF YEAR	<u>\$ 59,448</u>	<u>\$ 103,402</u>	<u>\$ 162,850</u>
 SUPPLEMENTAL DISCLOSURES			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements and accountant's compilation report.

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A - NATURE OF ORGANIZATION

SCOPELLO CONDOMINIUM ASSOCIATION, INC., (the Association) was organized as a not-for-profit corporation pursuant to the Florida Statutes on September 4, 2003. The Association consists of 18 residential units located in Indian Rocks Beach, Florida.

NOTE B - 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 reports 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 (Reserve) Fund - This fund is used to accumulate financial resources designated for future major repairs and replacement.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits at December 31, 2020.

Revenue Recognition

Revenue is derived principally from the assessment of monthly fees from owners and is recorded at the time such amounts become due. Uncollected fees are recorded as delinquent members' assessments and amounts received prior to their due date are recorded as Prepaid Assessments.

Members' Assessments

Association members are subject to monthly fees to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. Accounts receivable amounts at the balance sheet date represent the net monthly fees due from owners. The Association's policy is to retain legal counsel and place liens on the units of members whose assessments are 45 days delinquent. Any excess assessments at year-end are retained by the Association for use in the succeeding years.

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

Associations may pay taxes either as a Homeowners' Association or as a Regular Corporation. For the year ended December 31, 2020 the Association elected to be taxed as a Homeowners' Association.

As a Homeowners' Association, membership income is exempt from taxation if certain elections are made, and the Association is taxed only on its non-membership income, such as interest earnings, at regular federal corporate tax rates. There was no income tax expense for the year ended December 31, 2020.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership with the exception of real property directly associated with the units. Property and equipment acquired by the Association are recorded at cost and property contributed to the Association by the developer is recorded at estimated fair value at the date of contribution. The Association has no property and equipment capitalized at December 31, 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The Association's financial statements consist primarily of cash and cash equivalents, member assessments receivable, prepaid insurance, deposits, notes payable and accounts payable. The carrying amounts of such financial instruments approximate their respective estimated fair values due to the short-term maturities and approximate market interest rates of these instruments. The estimated fair values are not necessarily indicative of the amounts the Association would realize in a current market exchange or from future earnings or cash flows.

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through May 6, 2021, the date that the financial statements were available to be issued.

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE C - MAJOR REPAIRS AND REPLACEMENTS RESERVES

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$107,557 at December 31, 2020, are held in a separate account and are generally not available for operating purposes. It is the Association's policy that interest earned on such funds is allocated to the replacement fund.

The Association's Board of Directors conducted a study in November, 2020 to estimate the remaining useful lives and replacement costs of the common property components. Because actual expenditures may vary from estimated future expenditures, variations may be material. Therefore, amounts designed for future repairs and replacements may not be adequate to meet future needs. If additional funds are needed, however, the Association could increase regular assessments, levy special assessments or delay major repairs and replacements until funds are available. Fund balance designated for future major repairs and replacements has been allocated by the board of directors to the components of common property as follows:

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

<u>Component</u>	<u>Balance</u> <u>January 1,</u> <u>2020</u>	<u>Members'</u> <u>Assessments</u>	<u>Interest and</u> <u>Transfers</u>	<u>Expenditures</u>	<u>Balance</u> <u>December 31,</u> <u>2020</u>
Pool Common area	\$ 2,732	\$ 2,417	\$ -	-	\$ 5,149
Common Corridor	9,426	2,287	-	-	11,713
Elevator	31,932	733	-	(17,981)	14,684
Security Equipment	5,520	480	-	-	6,000
Paving	3,000	-	-	-	3,000
Painting	9,958	5,720	-	-	15,678
Roof	26,560	3,672	-	(1,658)	28,574
Railings	9,213	1,447	-	-	10,660
Contingency	<u>4,061</u>	<u>14,900</u>	<u>338</u>	<u>(7,200)</u>	<u>12,099</u>
	<u>\$ 102,402</u>	<u>31,656</u>	<u>\$ 338</u>	<u>\$ (26,839)</u>	<u>\$ 107,557</u>

SUPPLEMENTARY INFORMATION

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

Supplementary Schedule of Operating Revenues and Expenses - Actual and Budgeted

For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Regular assessments	\$ 107,483	\$ 107,483	\$ -
Interest income	6	-	6
Other income	475	-	475
	<u>107,964</u>	<u>107,483</u>	<u>481</u>
Expenses:			
Administration			
Office expenses	552	523	(29)
Accounting and legal fees	3,845	4,220	375
Licenses & Fees	561	561	-
	<u>4,958</u>	<u>5,304</u>	<u>346</u>
Operating			
Electricity	8,968	9,800	832
Water/sewer/trash	14,127	13,200	(927)
Fuel-SPA	977	1,400	423
Pest Control	2,020	2,030	10
	<u>26,092</u>	<u>26,430</u>	<u>338</u>
Repairs and maintenance			
Building/Equip, repair/supplies	8,086	16,000	7,914
Bldg. cleaning & pool maintenance	23,505	15,200	(8,305)
Elevator expenses	7,317	5,966	(1,351)
Telephone	3,557	3,780	223
Lawn & landscaping	3,835	5,630	1,795
Fire alarm monitor/inspection	569	616	47
Fire equipment repair	105	270	165
	<u>46,974</u>	<u>47,462</u>	<u>488</u>
Insurance and other			
Insurance	29,086	28,152	(934)
Income taxes	-	60	60
Bureau of Condominiums	72	75	3
	<u>29,158</u>	<u>28,287</u>	<u>(871)</u>
Total expenses	<u>107,182</u>	<u>107,483</u>	<u>301</u>
Excess of revenues over expenses	<u>\$ 782</u>	<u>\$ -</u>	<u>\$ 782</u>

See accompanying accountant's compilation report.

SCOPELLO CONDOMINIUM ASSOCIATION, INC.

Supplementary Information on Future Major Repairs And Replacements (Unaudited)

December 31, 2020

The Association's Board of Directors conducted a study in November, 2020 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacements costs have not been revised since that data and do not take into account the effects of inflation between the date of the study and the date that the components will require repair or replacement.

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

<u>Component</u>	<u>Estimated Life</u>	<u>Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Cost</u>	<u>2020 Funding Requirement</u>	<u>Component of Fund Balance at December 31, 2020</u>
Pool Common area	15	4	\$ 10,000	\$ 2,417	\$ 5,149
Common Corridor	15	2	14,000	2,287	11,713
Elevator	15	11	40,000	733	14,684
Security Equip.	15	1	6,000	480	6,000
Paving	20	5	3,000	-	3,000
Painting	8	7	50,000	5,720	15,678
Roof	20	20	100,000	3,672	28,574
Railings	10	4	15,000	1,447	10,660
Contingency	-	-	-	14,900	12,099
			<u>\$ 238,000</u>	<u>\$ 31,656</u>	<u>\$ 107,557</u>

See accompanying accountant's compilation report.