

**ENCLAVE AT HAMLIN HOMEOWNERS
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

WITH INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

For The Year Ended December 31, 2023

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

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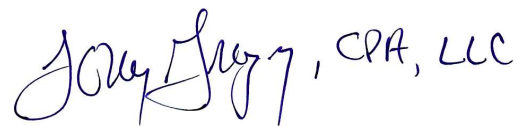
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The Board of Directors
Enclave at Hamlin Homeowners Association, Inc.
Winter Garden, Florida

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Enclave at Hamlin Homeowners Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues, expenses, and changes in fund balances 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 American Institute of Certified Public Accountants. 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.

Accounting principles generally accepted in the United States of America require that information about future major repairs and replacements of common property on page 10 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.



TONY L. GREGORY, CPA, LLC
Orlando, Florida
March 10, 2024

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.**BALANCE SHEET**

December 31, 2023

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 60,202	\$ 25,200	\$ 85,402
Assessments receivable	4,368	—	4,368
Prepaid expenses	10,627	—	10,627
Utility deposits	1,046	—	1,046
Total assets	<u>\$ 76,243</u>	<u>\$ 25,200</u>	<u>\$ 101,443</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 4,855	\$ —	\$ 4,855
Prepaid assessments	12,801	—	12,801
Deposits - architectural review	1,000	—	1,000
Contract liability (unspent reserve assessments)	—	25,099	25,099
Total liabilities	18,656	25,099	43,755
FUND BALANCES	<u>57,587</u>	<u>101</u>	<u>57,688</u>
Total liabilities and fund balances	<u>\$ 76,243</u>	<u>\$ 25,200</u>	<u>\$ 101,443</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
REVENUES			
Member assessments	\$ 292,971	\$ 8,117	\$ 301,088
less: constrained assessments (See Note B)	(4,523)	—	(4,523)
less: reserve assessment deferral (See Note C)	—	(8,117)	(8,117)
Net assessments recognized	288,448	—	288,448
Working fund contributions	8,750	—	8,750
Late fees and related charges	1,977	—	1,977
Other income	25	—	25
Interest income	44	64	108
	<hr/>	<hr/>	<hr/>
Total revenues	299,244	64	299,308
	<hr/>	<hr/>	<hr/>
EXPENSES			
General and administrative	12,300	—	12,300
Grounds maintenance	168,934	—	168,934
Insurance	12,683	—	12,683
Management fees	7,440	—	7,440
Master assessments	49,850	—	49,850
Professional fees	9,499	—	9,499
Utilities	19,169	—	19,169
	<hr/>	<hr/>	<hr/>
Total expenses	279,875	—	279,875
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenses	19,369	64	19,433
	<hr/>	<hr/>	<hr/>
Fund Balances - Beginning of year	38,218	37	38,255
	<hr/>	<hr/>	<hr/>
Fund Balances - End of year	<u>\$ 57,587</u>	<u>\$ 101</u>	<u>\$ 57,688</u>

The Accompanying Notes Are An Integral
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ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS For The Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from residents	\$ 303,088	\$ 8,117	\$ 311,205
Cash paid to suppliers and employees	(293,183)	—	(293,183)
Other income received	25	—	25
Interest income received	44	64	108
	<u>9,974</u>	<u>8,181</u>	<u>18,155</u>
Net cash flows from operating activities	9,974	8,181	18,155
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,974	8,181	18,155
CASH AND CASH EQUIVALENTS - Beginning of year	50,228	17,019	67,247
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 60,202</u>	<u>\$ 25,200</u>	<u>\$ 85,402</u>
RECONCILIATION OF EXCESS OF REVENUES OVER (UNDER) EXPENSES TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 19,369	\$ 64	\$ 19,433
Adjustments to reconcile excess of revenues over (under) expenses to net cash flows from operating activities:			
Change in assessments receivable	(475)	—	(475)
Change in prepaid expenses	(2,707)	—	(2,707)
Change in accounts payable and accrued expenses	(10,601)	—	(10,601)
Change in prepaid assessments	4,388	—	4,388
Change in contract liability (unspent reserve assessments)	—	8,117	8,117
	<u>(9,395)</u>	<u>8,117</u>	<u>(1,278)</u>
Total adjustments	(9,395)	8,117	(1,278)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 9,974</u>	<u>\$ 8,181</u>	<u>\$ 18,155</u>

The Accompanying Notes Are An Integral
Part Of These Financial Statements

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE A – NATURE OF OPERATIONS

Enclave at Hamlin Homeowners Association, Inc. (the “Association”), located in Winter Garden, Florida, was incorporated on January 23, 2019, under Chapter 617 of the Florida statutes as a not-for-profit corporation. The Association is responsible for the operation and maintenance of the common areas of the property. The Association’s operations are conducted pursuant to Chapter 720 of the Florida statutes and the provisions of the Declaration of Covenants (the “Declaration”) which was recorded on December 27, 2019, in Orange County, Florida and subsequently amended.

The community is located within the master planned community know as Hamlin Property Owners Association, Inc. (the “Master”). All members of the Association are also members of the Master and are subject to the terms, conditions, and assessments under the Master declaration of covenants.

The community consists of 67 urban cottages and 26 single family homes.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Association prepares its financial statements on the accrual basis of accounting and in accordance with Section 720.303(7) of the Florida statutes and with the “Real Estate – Common Interest Realty Associations” topic of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”).

Date of management’s review

In preparing the financial statements, the Association evaluated events and transactions for potential recognition or disclosure through March 10, 2024, the date the financial statements were available to be released.

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 (i.e. reserves).

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in computing the allowance for uncollectible accounts, if any. Actual results could differ from those estimates.

Cash and cash equivalents

The Association considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of bank deposits.

Assessments receivable

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 thirty days or more delinquent. The balances of assessments receivable as of the beginning and end of the year are \$3,893 and \$4,368, respectively.

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment

The Association follows prevalent industry practice in accounting for the common property of the Association. Property that is not directly associated with the lots is capitalized only if the Association has title or other evidence of ownership of the property and the Association can either dispose of the property at the discretion of the Board of Directors or the property is used by the Association to generate significant cash flows from members on the basis of usage or from nonmembers. As a result, commonly owned assets are not recorded on the Association's financial statements. Assets not recorded on the books of the Association include swimming pool, cabana, playground, landscaping, retention ponds and other common elements.

Prepaid assessments

Prepaid assessments represent future assessments paid in advance by homeowners.

Deposits – architectural review

The Association collects refundable deposits from homeowners for architectural review applications.

Contract liability (unspent reserve assessments)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (unspent reserve assessments) is recorded when the Association has received but not yet spent reserve assessments for their intended purpose.

Fair value of financial instruments

The carrying value of all reported assets and liabilities that represent financial instruments approximate fair value due to the short maturity of these financial instruments.

Income taxes

Homeowners' associations may be taxed either as homeowner associations or as regular corporations. The Association has elected to be taxed as a homeowners' association under Section 528 of the Internal Revenue Code. This section provides that the Association will be taxed only on nonexempt income as defined under Section 528. Net nonexempt income, which includes interest earned and revenues received from nonmembers, is taxed at 30% by the federal government. The Association did not incur income taxes for the year ended December 31, 2023.

Financial Accounting Standards Board ASC 740, "Income Taxes" ("FASB ASC 740") provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Association's financial statements to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions with respect to tax at the Association level not deemed to meet the "more-likely-than-not" threshold would be recorded as a tax benefit or expense in the current year.

As of December 31, 2023, the Association had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Association had no interest and penalties related to income taxes.

Revenue recognition

The Financial Accounting Standards Board ("FASB") has issued and amended Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* in the Accounting Standards Codification Topic 606 (collectively, "ASC 606"). ASC 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 the Association expects to be entitled in exchange for those goods or services.

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following describes the Association's principal activities which generate revenue and their respective treatment under ASC 606:

Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected to the extent that collection of the assessments is probable. Any excess assessments at year-end are retained by the Association for use in future years.

The Association's performance obligation related to its operating fund assessments is the maintenance and management of the common property of the Association and is satisfied over time on a daily pro-rata basis using the input method.

The Association's performance obligation related to its replacement fund assessments is satisfied when these funds are expended for their designated purpose. The Association recognizes revenue from replacement fund assessments when or as the related expenditures are made (i.e. at a point of time). Unspent replacement fund assessments are presented as a contract liability (unspent reserve assessments) in the accompanying balance sheet.

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. For the year ended December 31, 2023, the Association had constrained assessments of \$4,523.

Working fund contribution

Article VII Section 10 of the Declaration states each purchaser of a lot shall pay to the Association a working fund contribution in the amount of one thousand seven hundred fifty dollars (\$1,750) at the time legal title is conveyed. The Declaration was amended in March 2021 eliminating the working fund contribution payable to the Association. The funds derived from the working fund contribution shall be used for initial start-up expenses and operating deficits. Declarant may in its sole discretion move working fund contributions into a reserve account at the time of turnover. The performance obligation is determined to be the transfer of title and the Association recognizes this revenue when this performance obligation is met (i.e. at a point in time).

Ancillary operations

Ancillary operations include activities other than the ordinary maintenance, security, governance, and administrative activities common to most associations. Examples of ancillary operations include, but are not limited to: late fees, other income, interest, etc.

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

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents and applicable Florida statutes allow the Association, through its board of directors, to accumulate funds for future major repairs and replacements. Accumulated funds are held in separate bank accounts and generally are not available for operating purposes.

The Association is funding such major repairs and replacements based on a reserve study performed by a licensed reserve specialist in October 2020. The reserve study estimates the remaining useful lives of the components of common property and the estimated costs of major repairs and replacements that may be required in the future.

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS (Continued)

Actual expenditures 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 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.

The following table presents changes in the replacement fund:

	Balance					Balance
	12/31/2022	Assessments	Interest	Expenses		12/31/2023
<u>Contract liability:</u>						
Pooled reserves	\$ 16,982	\$ 8,117	\$ —	\$ —		\$ 25,099
<u>Fund balance:</u>						
Unspent interest	37	—	64	—		101
Totals	\$ 17,019	\$ 8,117	\$ 64	\$ —		\$ 25,200

Pursuant to ASC 606, the total replacement fund balance of \$25,200 is classified in the balance sheet as a contract liability in the amount of \$25,099 and fund balance of \$101. The contract liability portion represents unspent reserve assessments that will be recognized as revenues when the funds are expended for their intended purposes. The fund balance portion, if any, represents unspent interest that is not subject to the deferral provisions of ASC 606. For the year ended December 31, 2023, the Association deferred reserve assessments of \$8,117 until such funds are expended for their intended purpose.

These represent nonstatutory reserve accounts. These funds may be reallocated for specified purposes in the sole discretion of the board of directors.

Pursuant to Florida Statute 720.303(6) (as amended by Senate Bill 630, signed into law June 16, 2021, and effective for all associations existing on or created after July 1, 2021), the Association discloses the following:

THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS REGARDING THOSE ITEMS. OWNERS MAY ELECT TO PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

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 UNDER 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.

NOTE D – COMMITMENTS AND CONTINGENCIES

The Association has various agreements for the maintenance of the common property and for other services, including management services. Generally, the agreements may be cancelled by either party with 30 to 60 days advance written notice.

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE D – COMMITMENTS AND CONTINGENCIES (Continued)

The Association maintains insurance coverage for damage to its common property. The Association's insurance policies contain various deductibles toward the total limit of insurance applicable to the items that sustain loss or damage. The Association has not set aside funds to cover the deductibles. If such funds are needed, the Association has the right to increase regular assessments, pass special assessments, delay repairs or obtain financing. In addition, certain other expenses may be incurred by the Association in the event of a windstorm, the ultimate extent of any such loss in excess of the deductibles cannot be determined.

SUPPLEMENTARY INFORMATION

ENCLAVE AT HAMLIN HOMEOWNERS ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2023

The Association's board of directors obtained a reserve study in October 2020 by a licensed reserve specialist who inspected the property. The study estimated the remaining useful lives and the replacement costs of the components of common property based on the estimated costs to repair or replace the common property components at the date of the study. Estimated current replacement costs have not been revised since the date of the study. Interest of 0.2% and inflation of 2.5% were used in the reserve study.

The following information is based on the estimates provided by the Association and presents significant information about the components of common property:

Component	Estimated Remaining Life (Years)	Estimated Current Replacement Cost	Replacement Fund December 31, 2023
Access control	3	\$ 3,775	
Asphalt and concrete	0 - 24	7,260	
Fencing, gates and walls	6 - 26	37,784	
Furniture	3 - 16	6,950	
Irrigation and stormwater	1 - 11	34,950	
Mailboxes and signage	6 - 11	13,000	
Painting	0 - 4	2,570	
Parks and recreation	21 - 32	25,000	
Plumbing equipment	11 - 21	1,900	
Pool and equipment	1 - 11	33,140	
Remodeling	21	6,000	
Roofing	16	2,415	
Pooled reserves (contract liability)	N/A		\$ 25,099
Interest (fund balance)	N/A		101
TOTALS		<u>\$ 174,744</u>	<u>\$ 25,200</u>

The Association maintains its reserves using the pooled method and, therefore, amounts are not allocated to individual components.