

**CAMBRIDGE AT KINGS RIDGE HOMEOWNERS'
ASSOCIATION, INC.**

REPORT FOR THE YEAR ENDED

DECEMBER 31, 2023

March & McMillin, CPAs, PLLC

CPA Services for Condominium & Homeowner Associations

www.marchandmcmillin.com

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Cambridge at Kings Ridge Homeowners' Association, Inc.

We have reviewed the accompanying financial statements of Cambridge at Kings Ridge Homeowners' Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues and expenses and changes in members' equity and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The schedule of revenues and schedule of expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future major repairs and replacements of common property on page 12 be presented to supplement the basic financial statements. Such information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on it.

March & McMillin, CPAs, PLLC

February 8, 2024

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.

BALANCE SHEET
DECEMBER 31, 2023

	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 68,153	\$ 52,462	\$ 120,615
Certificates of Deposit		50,000	50,000
Accounts Receivable	260		260
Reserve for Doubtful Accounts	(260)		(260)
Prepaid Expenses	<u>2,753</u>		<u>2,753</u>
TOTAL ASSETS	<u>\$ 70,906</u>	<u>\$ 102,462</u>	<u>\$ 173,368</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 11,972		\$ 11,972
Other	5		5
Prepaid Owner Assessments	9,341		9,341
Accrued Expenses	5,000		5,000
Contract Liabilities		<u>\$ 102,462</u>	<u>102,462</u>
TOTAL LIABILITIES	<u>\$ 26,318</u>	<u>\$ 102,462</u>	<u>\$ 128,780</u>
FUND BALANCE	<u>\$ 44,588</u>		<u>\$ 44,588</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 70,906</u>	<u>\$ 102,462</u>	<u>\$ 173,368</u>

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
REVENUES	<u>\$ 308,018</u>	<u>\$ 2,275</u>	<u>\$ 310,293</u>
EXPENSES			
Maintenance and Utilities	\$ 277,821		\$ 277,821
General and Administrative	20,226		20,226
Reserve		\$ 2,275	2,275
Insurance	4,012		4,012
Utilities	5,989		5,989
TOTAL EXPENSES	<u>\$ 308,048</u>	<u>\$ 2,275</u>	<u>\$ 310,323</u>
EXCESS REVENUES OVER (UNDER) EXPENSES	\$ (30)		\$ (30)
FUND BALANCE - Beginning	<u>44,618</u>	<u>-</u>	<u>44,618</u>
FUND BALANCE - Ending	<u><u>\$ 44,588</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 44,588</u></u>

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
Net excess of revenues (expenses)	\$ (30)	\$ -	\$ (30)
Adjustments to reconcile excess of revenues over expenses to net cash used by operating activities:			
(Increase) decrease in:			
Accounts Receivable, net	357		357
Prepaid Expenses	(334)		(334)
Due to/from Reserves	(3,343)	3,343	
Increase (decrease) in:			
Accounts Payable	11,972		11,972
Other	(40)		(40)
Prepaid Owner Assessments	(1,778)		(1,778)
Accrued Expenses	5,000		5,000
Contract Liabilities		63,748	63,748
Net cash provided (used) by operating activities	\$ 11,804	\$ 67,091	\$ 78,895
Cash flows from investing activities:			
Change in Certificates of Deposit		(50,000)	(50,000)
Cash flows from financing activities:			
	-	-	-
Net increase (decrease) in cash	\$ 11,804	\$ 17,091	\$ 28,895
Cash, beginning of year	<u>56,349</u>	<u>35,371</u>	<u>91,720</u>
Cash, end of year	<u><u>\$ 68,153</u></u>	<u><u>\$ 52,462</u></u>	<u><u>\$ 120,615</u></u>
Supplemental Cash Flow Information:			
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Paid for Income Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Accountants' Review Report and accompanying notes

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: NATURE OF ORGANIZATION

Cambridge at Kings Ridge Homeowners' Association, Inc. (the "Association") is a nonprofit association incorporated under the laws of the State of Florida and operated to perform those services normally associated with common interest realty associations, which includes preserving and maintaining the common property of the Association. The Association consists of 135 units and is located in Lake County, Florida.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Member Assessments

Association members are subject to regular assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Accounts receivable at the balance sheet date represent fees due from members, while assessments received in advance represent future months' fees paid in advance by members. The Association's policy is to retain legal counsel and place liens or foreclose on the units of members whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in future years.

Property and Equipment

The Association records and depreciates only personal property assets to which the association has title. Common property of the Association is not recognized as property and equipment for depreciation.

Basis of Accounting

This financial report is prepared on the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Assessments paid by members in advance are deferred and recognized as revenue when earned.

Fund Accounting

The Association uses fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds:

Operating Fund - This fund is used to account for financial resources available for the general operations of the Association.

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

Income Tax

The Association may, at its election, be taxed as a regular corporation or a homeowners association. This election is made yearly. For the current year, the Association was taxed as a homeowners association. The Association's federal tax return is subject to audit by the Internal Revenue Service. The tax returns for the current and prior two fiscal years remain open for examination by the IRS. In evaluating the Association's tax positions and accruals, the Association believes that its estimates are appropriate, based on the current facts and circumstances.

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Date of Management's Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through February 8, 2024, which is the date that the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Interest Earned

The Association's policy is for interest to remain in the fund in which it is earned.

NOTE 3: CONCENTRATION OF CREDIT RISK

The Association's annual assessment revenue is subject to significant concentration of credit risk, given that the revenue is received primarily within a small geographic area. The financial instruments that potentially subject the Association to credit risk consist principally of assessments receivable, the majority of which contain provisions for recovery by placing liens on real property and through legal judgments. In the event that the owners did not comply with the terms of the Covenant, Conditions and Restrictions and collection efforts by the Association were unsuccessful, the Association could incur a loss equal to the amount due.

NOTE 4: FUNDED RESERVES

The Association requires funds to be accumulated for future major repairs and replacements. The funds are held primarily in interest-bearing accounts. In 2023, the Association conducted a study to determine the remaining useful lives of the components of common property and estimates of the costs of major repairs and replacements that may be required in the future. The results of this study are summarized in the supplemental information section to these financial statements. Actual costs and expenditures may vary from those estimates and the variations may be material. As replacement funds are needed to meet future costs for major repairs and replacements, the Association has the right to borrow, increase regular assessments, pass special assessments subject to owner approval or delay major repairs and replacements until funds are available.

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5: FUNDED RESERVES (continued)

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.

Members' equity designated for future major repairs and replacements has been allocated by the Board of Directors to the components of common property as follows:

Components	Balance January 1, 2023	Funding During the Year	Charges to Fund	Other	Balance December 31, 2023
Painting	\$ 16,686	\$ 37,440		\$ 576	\$ 54,702
Roads	4,202	20,000		257	24,459
Trees	12,826	7,500	\$ (2,275)	197	18,248
Infrastructure	5,000			53	5,053
Interest		1,083		(1,083)	
Total	<u>\$ 38,714</u>	<u>\$ 66,023</u>	<u>\$ (2,275)</u>	<u>\$ -</u>	<u>\$ 102,462</u>

SUPPLEMENTARY INFORMATION

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
SCHEDULE OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
Regular Assessments	\$ 307,660	\$ 2,275	\$ 309,935
Late Fees	350		350
Interest	8		8
TOTAL REVENUES	<u>\$ 308,018</u>	<u>\$ 2,275</u>	<u>\$ 310,293</u>

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Reserve Fund	Total
MAINTENANCE AND UTILITIES			
Contracted Landscape Services	\$ 118,207		\$ 118,207
Miscellaneous Grounds Maintenance	5,161		5,161
Mulch	19,541		19,541
Irrigation Repair	8,345		8,345
Cable	125,522		125,522
Holiday Decorations	1,045		1,045
TOTAL MAINTENANCE AND UTILITIES	<u>\$ 277,821</u>	<u>\$ -</u>	<u>\$ 277,821</u>
 GENERAL AND ADMINISTRATIVE			
Management Fees	\$ 9,500		\$ 9,500
Postage and Supplies	1,911		1,911
Printing and Copying	2,862		2,862
Web/Domain Name	265		265
CPA Services	1,300		1,300
Legal (Recovered Legal)	3,946		3,946
Licenses/Corp Report	61		61
Contingency Fund	76		76
Bad Debt	305		305
TOTAL GENERAL AND ADMINISTRATIVE	<u>\$ 20,226</u>	<u>\$ -</u>	<u>\$ 20,226</u>
 RESERVE			
Trees		\$ 2,275	\$ 2,275
TOTAL RESERVE	<u>\$ -</u>	<u>\$ 2,275</u>	<u>\$ 2,275</u>
 INSURANCE			
Liability and Property Insurance	\$ 2,793		\$ 2,793
Directors and Officers Insurance	1,219		1,219
TOTAL INSURANCE	<u>\$ 4,012</u>	<u>\$ -</u>	<u>\$ 4,012</u>
 UTILITIES			
Electric - Street Lights	\$ 5,989		\$ 5,989
TOTAL UTILITIES	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 5,989</u>
 TOTAL EXPENSES	<u>\$ 308,048</u>	<u>\$ 2,275</u>	<u>\$ 310,323</u>

CAMBRIDGE AT KINGS RIDGE HOMEOWNERS' ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR
REPAIRS AND REPLACEMENTS
DECEMBER 31, 2023
(UNAUDITED)

In 2023, the Association conducted a replacement reserve study 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. The following has been extracted or derived from the Association's replacement reserve study and presents significant information about the components of common property.

<u>Reserve Component</u>	<u>Remaining Useful Life (Yrs)</u>	<u>Estimated Cost of Replacement</u>	<u>Replacement Fund Balance December 31, 2023</u>
Painting	7	297,487	54,702
Roads	19	404,202	24,459
Trees	ongoing		18,248
Infrastructure	1	5,000	5,053
Total		<u>706,689</u>	<u>102,462</u>