

**The Meadows Community
Association, Inc.**

Financial Statements

February 28, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	-
FINANCIAL STATEMENTS:	
Balance Sheet	1
Statement of Revenues, Expenses and Changes in Fund Balances	2
Statement of Cash Flows	3
Notes to Financial Statements	4-9
SUPPLEMENTARY INFORMATION	
Schedule of Replacement Fund Activity	10
Supplementary Information on Future Major Repairs and Replacements	11



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of The Meadows Community Association, Inc.

Opinion

We have audited the accompanying financial statements of The Meadows Community Association, Inc., which comprise the balance sheet as of February 28, 2023, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Meadows Community Association, Inc. as of February 28, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Meadows Community Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Meadows Community Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Meadows Community Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Meadows Community Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of operating fund expenses and replacement fund activity are presented for purposes of additional analysis and are 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Report on Summarized Comparative Information

We have previously audited The Meadows Community Association, Inc.'s February 28, 2022 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated June 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended February 28, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cannell, Co. LLP

Sarasota, Florida

June 28, 2023

The Meadows Community Association, Inc.

Balance Sheet
February 28, 2023

	ASSETS				2022
	2023				Total (For Comparative Purposes Only)
	Operating Fund	Replacement Fund	Capital Assets Fund	Total	
Cash and cash equivalents	\$ 3,171,668	353,421	152,841	3,677,930	4,160,804
Certificates of deposit	1,000,000	-	-	1,000,000	-
Accounts receivable	-	-	-	-	440
Assessments receivable	10,434	-	-	10,434	14,474
Accrued interest receivable	6,866	-	-	6,866	-
Due (to) from other fund	3,523,662	135,587	(3,659,249)	-	-
Prepaid expenses	10,903	-	-	10,903	9,944
Property and equipment, net	-	-	12,833,831	12,833,831	10,817,668
Total assets	\$ 7,723,533	489,008	9,327,423	17,539,964	15,003,330

LIABILITIES AND FUND BALANCES					
Accounts payable and accrued expenses	104,708	-	-	104,708	166,365
Prepaid assessments	2,684,846	-	-	2,684,846	2,939,698
Deferred advertising revenue	24,416	-	-	24,416	18,370
Funds held for others	44,632	-	-	44,632	92,355
Deposits	8,384	-	-	8,384	9,689
Notes payable	-	-	7,535,387	7,535,387	5,787,430
Contract liabilities (assessments received in advance - Replacement Fund)	-	474,610	-	474,610	424,610
Total liabilities	2,866,986	474,610	7,535,387	10,876,983	9,438,517
Fund balances	4,856,547	14,398	1,792,036	6,662,981	5,564,813
Total liabilities and fund balances	\$ 7,723,533	489,008	9,327,423	17,539,964	15,003,330

See accompanying notes to financial statements.

The Meadows Community Association, Inc.

Statement of Revenues, Expenses and Changes in Fund Balances
Year Ended February 28, 2023

	Operating Fund	Replacement Fund	Capital Assets Fund	Total	2022 Comparative Purposes Only)
Revenues:					
Property assessments	\$ 4,139,095	-	116,750	4,255,845	3,921,250
Interest	16,537	12,266	4,559	33,362	5,470
Community affairs	75,615	-	-	75,615	71,234
Storage rental	62,909	-	-	62,909	55,250
Memorial Gardens	-	-	-	-	1,200
Country Club and MCA donations	-	-	-	-	142,459
Country Club reimbursements	-	-	-	-	45,000
Estoppel fees	68,807	-	-	68,807	92,050
Insurance reimbursements	-	-	-	-	71,692
Other	155,435	-	-	155,435	18,992
Total revenues	<u>4,518,398</u>	<u>12,266</u>	<u>121,309</u>	<u>4,651,973</u>	<u>4,424,597</u>
Expenses:					
Salaries and wages	600,959	-	-	600,959	491,294
Maintenance	402,865	-	-	402,865	601,937
Community security	295,930	-	-	295,930	278,533
Employee benefits	210,361	-	-	210,361	160,531
Community activity	79,659	-	-	79,659	60,487
Professional fees	110,650	-	-	110,650	84,068
Operating	287,648	-	-	287,648	246,006
Business and bank fees	3,661	-	-	3,661	3,712
MCA building maintenance	9,744	-	-	9,744	37,252
Administrative	59,260	-	-	59,260	21,486
Capital improvements	1,345	-	-	1,345	114,867
Public relations and promotions	1,076	-	-	1,076	230
Community activities	600,000	-	-	600,000	600,000
Beautification projects	91,618	-	-	91,618	-
Loss on demolition of building	-	-	244,187	244,187	-
Depreciation	-	-	249,467	249,467	251,830
Interest expense	305,375	-	-	305,375	225,402
Total expenses	<u>3,060,151</u>	<u>-</u>	<u>493,654</u>	<u>3,553,805</u>	<u>3,177,635</u>
Excess (deficiency) of revenues over expenses	1,458,247	12,266	(372,345)	1,098,168	1,246,962
Fund balances - beginning of year	<u>3,398,300</u>	<u>2,132</u>	<u>2,164,381</u>	<u>5,564,813</u>	<u>4,317,851</u>
Fund balances - end of year	<u>\$ 4,856,547</u>	<u>14,398</u>	<u>1,792,036</u>	<u>6,662,981</u>	<u>5,564,813</u>

See accompanying notes to financial statements.

The Meadows Community Association, Inc.

Statement of Cash Flows
Year Ended February 28, 2023

	Operating Fund	Replacement Fund	Capital Assets Fund	Total
Cash flows from operating activities:				
Property assessments collected	\$ 3,888,283	50,000	116,750	4,055,033
Interest received	9,671	12,266	4,559	26,496
Community affairs income received	82,101	-	-	82,101
Storage rental income received	62,909	-	-	62,909
Other revenue received	224,242	-	-	224,242
Cash paid for operating expenses	(3,159,963)	-	-	(3,159,963)
Income taxes paid	-	-	-	-
Net cash flows from operating activities	1,107,243	62,266	121,309	1,290,818
Cash flows from investing activities:				
Purchase of property and equipment	-	-	(2,509,817)	(2,509,817)
Purchase of certificates of deposit	(1,000,000)	-	-	(1,000,000)
Net cash flows from investing activities	(1,000,000)	-	(2,509,817)	(3,509,817)
Cash flows from financing activities:				
Proceeds from notes payable	-	-	2,602,224	2,602,224
Payments on notes payable	-	-	(866,099)	(866,099)
Transfers	375,582	(860,589)	485,007	-
Net cash flows from financing activities	375,582	(860,589)	2,221,132	1,736,125
Increase in cash and cash equivalents	482,825	(798,323)	(167,376)	(482,874)
Cash and cash equivalents at beginning of year	2,688,843	1,151,744	320,217	4,160,804
Cash and cash equivalents at end of year	\$ 3,171,668	353,421	152,841	3,677,930
Reconciliation of excess (deficiency) of revenues over expenses to net cash flows from operating activities:				
Excess (deficiency) of revenues over expenses	\$ 1,458,247	12,266	(372,345)	1,098,168
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash flows from operating activities:				
Amortization	11,832	-	-	11,832
Depreciation	-	-	249,467	249,467
Loss on disposal of property and equipment	-	-	244,187	244,187
(Increase) decrease in:				
Accounts receivable	440	-	-	440
Assessments receivable	4,040	-	-	4,040
Accrued interest receivable	(6,866)	-	-	(6,866)
Prepaid expenses	(959)	-	-	(959)
Increase (decrease) in:				
Accounts payable	(61,657)	-	-	(61,657)
Prepaid assessments	(254,852)	-	-	(254,852)
Deferred advertising revenue	6,046	-	-	6,046
Funds held for others	(47,723)	-	-	(47,723)
Deposits	(1,305)	-	-	(1,305)
Contract liability	-	50,000	-	50,000
Total adjustments	(351,004)	50,000	493,654	192,650
Net cash flows from operating activities	\$ 1,107,243	62,266	121,309	1,290,818
Cash paid for interest	\$ 293,543	-	-	293,543

See accompanying notes to financial statement.

The Meadows Community Association, Inc.

Notes to Financial Statements

February 28, 2023

Note 1 – Organization:

The Meadows Community Association, Inc. ("the Association") is a master homeowners' association organized as a not-for-profit corporation pursuant to the laws of the State of Florida in March 1976. The Association was organized for the purposes of maintaining and preserving the common property of the Meadows Community which is located in Sarasota, Florida. The Meadows Community consists of 3,456 residential units and a country club, shopping village (A commercial condominium), nursing center and retirement center. The common elements the Association is responsible for include roads maintenance, streetlights, security, lake maintenance, drainage canals, grounds, parks and common open space, bike paths, pedestrian sidewalks and walkways, traffic control, bridges, the Meadows Community Association building and country club facilities.

Note 2 – Summary of Significant Accounting Policies:

Basis of Accounting

The accompanying financial statements have been prepared using the fund method of accounting on the accrual basis. The accrual basis of accounting recognizes revenues when earned and expenses when the obligations are incurred.

The fund method of accounting requires funds, such as operating funds and funds for future major repairs and replacements, to be classified separately for accounting and reporting purposes.

Operating Fund

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

Replacement Fund

This fund is composed of assessments paid by unit owners to fund future major repairs and replacements. Expenditures from this fund are generally only used for those items for which assessments were levied.

Capital Assets Fund

This fund is used to accumulate financial resources designated for future capital acquisitions. Disbursements from this fund generally may be made only for these designated purposes.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Association considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Debt Issuance Costs

Debt issuance costs are presented as a direct reduction of the related debt liability and are amortized over the term of the related debt on a straight-line basis which is not materially different than the interest method. Amortization is included with interest expense.

The Meadows Community Association, Inc.

Notes to Financial Statements – Continued

February 28, 2023

Note 2 – Summary of Significant Accounting Policies – Continued:

Common Property

The Association's policy is to not capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the unit owners and these assets are not deemed to be severable.

Member Assessments

Association members are subject to annual assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The 2022 - 2023 annual assessment to owners of The Meadows Community Association, Inc. totaled \$4,305,845. Of this amount, \$50,000 and \$116,750 were designated for the replacement fund and capital assets fund, respectively. Any excess of assessments at year end is retained by the Association for use in the succeeding year.

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 is 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 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 member assessments are determined by first dividing the annual budget by the total Sarasota County Property Appraiser's assessed value of the entire assessable properties in the Meadows Community to calculate the assessment rate. This assessment rate is multiplied by each unit owner's county property assessed value to obtain the annual assessment amount. The documents allow the Highlands area (387 units) to be assessed as one group then divided equally by each unit. The Meadows Country Club, Aviva, The Meadows Center for Nursing & Healing, and the Meadows Village Center are assessed as single units.

Each member (unit) has a number of voting rights based on the assessed value of the unit divided by \$10,000. Highlands votes are based on the total assessed value of the Highlands.

The Association's policy is to assess interest on any unpaid assessment balance until fully paid in an amount up to the maximum legal rate for individuals in the State of Florida. Further, all delinquent accounts not paid by ten days following the March 1 delinquency date may also be charged an administrative late fee of \$25 or 2% of the unpaid balance, whichever is greater. The Association may charge a \$25 fee for any insufficient funds on deposit or other improper execution of the payment instruments. Payments are applied to interest, penalties and legal fees before being applied to outstanding assessments.

The Meadows Community Association, Inc.

Notes to Financial Statements – Continued

February 28, 2023

Note 2 – Summary of Significant Accounting Policies – Continued:

Member Assessments - continued

It is the Association's policy to file liens and foreclose, if warranted, on delinquent accounts. As of February 28, 2023, there were cumulative outstanding assessments in the amount of \$10,434 over a 3 year period. Management establishes an allowance for doubtful accounts, when necessary, based on amounts expected to be uncollectible at the balance sheet date. As of February 28, 2023, the Association expects to collect substantially all amounts outstanding; therefore, no allowance has been recorded. These delinquent accounts have been referred to the Association's attorney.

Property and Equipment

Property and equipment are capitalized at cost and depreciated on a straight-line basis over the estimated useful lives of the assets ranging from three to thirty-nine years. It is the Association's policy to capitalize property and equipment over \$5,000.

Deferred Advertising Revenue

Revenue received in advance for advertising in *Meadoword* is deferred until the period in which the advertising is printed.

Estimates

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.

Income Taxes

The Association may elect, on an annual basis, to be taxed as a regular corporation under Section 277 of the Internal Revenue Code or as a homeowner association in accordance with Section 528 on the Internal Revenue Code. Under Section 528, the Association is essentially taxed on its non-member income, such as advertising and interest income. However, if the election is made to be taxed as a regular corporation, the Association is subject to further rulings and regulations that may subject more income to tax. For the year ended February 28, 2023 the Association filed its tax return as a homeowner association under Section 528 which resulted in no income tax expense.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that the Association had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended February 28, 2023. The Association's federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Comparative Financial Statements

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023 and presents summarized totals only.

The Meadows Community Association, Inc.

Notes to Financial Statements – Continued

February 28, 2023

Note 3 – Uninsured Cash Balances:

The Association maintains its cash in bank deposit accounts which, for minimal periods of time, may exceed federally insured limits. The Association also has funds in an uninsured brokerage money market fund. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash and cash equivalents.

Note 4 – Property and Equipment:

Property and equipment consists of the following:

<u>Association assets</u>	
Building and improvements	\$ 2,216,946
Furniture and equipment	172,429
Vehicles	158,426
Construction in progress	4,445,862
Total association assets	<u>6,993,663</u>
<u>Country club assets</u>	
Land and land improvements	2,752,842
Buildings and related equipment	4,767,421
Total country club assets	<u>7,520,263</u>
Total assets	<u>14,513,926</u>
Less: accumulated depreciation	<u>(1,680,095)</u>
Net property and equipment	<u>\$ 12,833,831</u>

Note 5 – Asset Purchase:

The Association is in a development that includes three eighteen-hole golf courses, a country club and related amenities formerly owned and operated by The Meadows Country Club, Inc. (the "Club").

In March 2018, the Association purchased loans owed by the Club to a local bank totaling approximately \$2,881,000. The Association purchased the loans with cash available at the time of purchase including reserve funds. Other terms of the loans were unchanged.

In June 2018, the Association purchased all real estate owned by the Club and simultaneously entered into a three-year lease agreement which leases the real estate back to the Club for \$10 per year plus the Club is required, by the terms of the lease, to manage, operate and maintain the golf courses, country club and related amenities and pay the expenses including maintenance, operations, taxes, insurance and assessments. An option to renew the lease is available to the parties at the end of the initial lease term. In July 2021 the lease was extended for an additional three years.

The Meadows Community Association, Inc.

Notes to Financial Statements – Continued

February 28, 2023

Note 6 – Profit Sharing Plan:

Effective January 1, 1997, the Association adopted a qualified profit sharing plan with a 401(k) deferred compensation provision. All full-time employees are eligible to participate in the profit sharing and 401(k) plan as long as they are 21 years of age and have completed six months of service. The Association matches 50% of the employee's contribution up to 6% of their salary for the year. The Association contributed \$12,085 to the plan during the fiscal year ended February 28, 2023.

Note 7 – Notes Payable:

The Association has loans as detailed below with one financial institution. The loan agreements impose certain financial and non-financial covenants including a debt coverage ratio. In addition, the Association must maintain a primary depository relationship with the lender with a minimum average of \$1 million. The Association believes all covenants have been met at February 28, 2023. Collateral includes a lien on assessments and a first and second mortgage on real property. Other significant terms are as follows:

\$3,200,000 promissory note, the proceeds of which were used to retire previously existing debt. Terms call for monthly payments of \$24,175 including interest at 4.25% through January 2027 at which time the outstanding principal is due. \$ 2,211,075

\$2,000,000 promissory note. Terms call for monthly payments of \$15,879 including interest, currently at 4.25%, through January 2032. Interest is adjusted every five years beginning in May 2025. 1,531,190

\$4,000,000 Non-revolving line of credit. Monthly interest only payments at 4.25% were required through October 2022 at which time principal and interest payments began. Current terms call for monthly payments of \$32,726 including interest, currently at 4.25%, through January 2036. Interest is adjusted every five years beginning in January 2026. 3,899,526

Total notes payable 7,641,791

Less unamortized debt issuance costs (106,404)

Notes payable, net \$ 7,535,387

Future maturities of notes payable are as follows:

<u>Year</u>	
2024	\$ 559,434
2025	583,678
2026	608,975
2027	1,992,926
2028	425,914
Thereafter	3,470,864
Total	<u>\$ 7,641,791</u>

The Meadows Community Association, Inc.

Notes to Financial Statements – Continued

February 28, 2023

Note 8 – Future Major Repairs and Replacements:

The Association's governing documents do not require that funds be accumulated for future major repairs and replacements although the board of directors has elected to designate monies to be used for this purpose. Accumulated funds are held in separate bank accounts and generally are not available for expenditures for normal operations.

The Board has established a replacement fund to provide for future major repairs and replacements. The Board of Directors determined the future major repairs and replacement costs from information provided by a reserve study professional for 2020. The table included in the unaudited Supplementary Information on Future Major Repairs and Replacements is based on this study. The Board committed to fund \$50,000 for major repairs and replacements for the years ending February 28, 2023 and 2024, respectively. The Board has elected and voted to annually review the replacement fund requirement to determine the adequacy of the annual funding. Based on the study performed, the Replacement Fund is underfunded.

Actual expenditures may vary from the estimated amounts and the variations may be material. If additional funds are needed the Association has the right to increase regular assessments, levy special assessments, or it may delay major repairs and replacements until funds are available.

Note 9 – Contingent Liability:

The Association's current windstorm insurance policy contains a 5% deductible clause for the Association community center and lifestyle and wellness building and 3% on golf course assets. Based on the \$5,545,668 insured valuation of the community center and lifestyle and wellness building and contents, the first 5%, or \$277,283 would be the responsibility of the Association. Based on the \$14,547,073 insured valuation of the golf buildings and contents, the first 3%, or \$436,412 would be the responsibility of the Association.

Note 10 – Subsequent Events:

Subsequent events have been evaluated through June 28, 2023, which is the date the statements were available to be issued.

The Meadows Community Association, Inc.

Schedule of Replacement Fund Activity
Year Ended February 28, 2023

	<u>Balance 3/1/22</u>	<u>Assessments</u>	<u>Interest</u>	<u>Transfers</u>	<u>Expenses</u>	<u>Balance 2/28/23</u>
Infrastructure	\$ 274,610	-	-	-	-	274,610
Equipment replacement	150,000	50,000	-	-	-	200,000
Interest income	<u>2,132</u>	<u>-</u>	<u>12,266</u>	<u>-</u>	<u>-</u>	<u>14,398</u>
Totals	<u>\$ 426,742</u>	<u>50,000</u>	<u>12,266</u>	<u>-</u>	<u>-</u>	<u>489,008</u>

Presented on balance sheet as:

Contract liability	\$ 474,610
Fund balance	<u>14,398</u>
	<u>\$ 489,008</u>

The Meadows Community Association, Inc.

Supplementary Information on Future Major Repairs and Replacements

February 28, 2022

(Unaudited)

The following presents significant information on reserves based on a study performed in 2019:

	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>
Streets / asphalt	14	\$ 1,020,000
Roofing	1 - 23	535,775
Painting	1 - 2	128,135
Recreation / pool	1 - 4	81,100
Equipment	1 - 14	378,500
Building components	8 - 31	157,200
Grounds components	1 - 23	1,142,500
Doors	7	7,200
Fire safety	1	7,500
Plumbing	2	6,500
HVAC	1 - 14	476,982
Conveying system	1 - 2	160,000
Remodel / rehab / replacement	1 - 43	3,131,250
Tennis	1 - 15	<u>890,000</u>
Total		<u>\$ 8,122,642</u>

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 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.