

Maple Brooke Neighborhood Association, Inc.
Financial Statements and Supplementary Information
December 31, 2023

Miller & Company, LLP
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Maple Brooke Neighborhood Association, Inc.

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To the Board of Directors
Maple Brooke Neighborhood Association, Inc.
Naples, Florida

Management is responsible for the accompanying financial statements of Maple Brooke Neighborhood Association, Inc., 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 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

The supplementary schedule of operating fund expenses and the supplementary schedule of replacement fund activity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subjected to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context. The information is the responsibility of management. The required supplementary information was subjected to our compilation engagement; however, 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.

A handwritten signature in cursive script that reads "Miller & Company, LLP".

Miller & Company, LLP
Certified Public Accountants
Sarasota, FL
February 1, 2024

Maple Brooke Neighborhood Association, Inc.
 Balance Sheet
 December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Assets			
Cash	\$ 123,963	\$ 115,651	\$ 239,614
Assessments receivable	1,202	-	1,202
Prepaid insurance	2,166	-	2,166
	<u>2,166</u>	<u>-</u>	<u>2,166</u>
 Total assets	 <u>\$ 127,331</u>	 <u>\$ 115,651</u>	 <u>\$ 242,982</u>
Liabilities & Fund Balances			
Accounts payable	\$ -	\$ 10,004	\$ 10,004
Accrued expenses	192	-	192
Assessments received in advance	36,541	-	36,541
Contract liabilities	-	105,150	105,150
	<u>36,733</u>	<u>115,154</u>	<u>151,887</u>
 Fund balances	 <u>90,598</u>	 <u>497</u>	 <u>91,095</u>
 Total liabilities and fund balances	 <u>\$ 127,331</u>	 <u>\$ 115,651</u>	 <u>\$ 242,982</u>

See accountant's compilation report and accompanying notes.

Maple Brooke Neighborhood Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balances
Year Ended December 31, 2023

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues			
Member assessments	\$ 195,485	\$ 28,875	\$ 224,360
Interest income	29	393	422
Other income	329	-	329
Total revenues	<u>195,843</u>	<u>29,268</u>	<u>225,111</u>
Expenses			
Grounds	172,200	-	172,200
Administration	44,689	-	44,689
Replacements	-	28,875	28,875
Total expenses	<u>216,889</u>	<u>28,875</u>	<u>245,764</u>
Excess (deficiency) of revenues over expenses	(21,046)	393	(20,653)
Fund balances, beginning of year	<u>111,644</u>	<u>104</u>	<u>111,748</u>
Fund balances, end of year	<u>\$ 90,598</u>	<u>\$ 497</u>	<u>\$ 91,095</u>

See accountant's compilation report and accompanying notes.

Maple Brooke Neighborhood Association, Inc.
Statement of Cash Flows
Year Ended December 31, 2023

	Operating Fund	Replacement Fund	Total
Cash flows from operating activities			
Excess (deficiency) of revenues over expenses	\$ (21,046)	\$ 393	\$ (20,653)
Changes in operating assets and liabilities			
Assessments receivable	3,687	-	3,687
Prepaid insurance	(86)	-	(86)
Accounts payable	(26,985)	-	(26,985)
Accrued expenses	192	-	192
Assessments received in advance	32,463	-	32,463
Contract liabilities	-	8,699	8,699
Net cash provided by (used in) operating activities	(11,775)	9,092	(2,683)
Net increase (decrease) in cash	(11,775)	9,092	(2,683)
Cash, beginning of year	135,738	106,559	242,297
Cash, end of year	\$ 123,963	\$ 115,651	\$ 239,614

See accountant's compilation report and accompanying notes.

Maple Brooke Neighborhood Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2023

Note 1-Nature of Organization

Maple Brooke Neighborhood Association, Inc. (the "Association") is a not-for-profit corporation organized in 1997 to provide an entity pursuant to Chapter 720 of the Florida Statutes for the administration, maintenance, operation, and management of Maple Brooke Neighborhood located in Naples, Florida. The Association consists of 110 residential lots.

Assessments against the owners of the lots, which are the principal source of revenue, are based on the estimated amounts required to protect and maintain the property owned by the owners in common of Maple Brooke Neighborhood Association, Inc. and allocated equally among the units. Common property expenses include building exteriors, pool, and paved areas. Common expenses also include maintenance assessments by the Autumn Woods Community Association, Inc.

All policy decisions are formulated by the Association's board of directors. Certain major decisions are referred to the general membership before action is taken. Assessments are determined annually by the board of directors based upon anticipated maintenance and other operating requirements of the Association.

Note 2-Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using fund accounting in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which performance obligations are met regardless of when cash is received, and recognizes expenses in the accounting period in which the obligations are incurred regardless of when cash is disbursed.

Fund accounting requires funds such as operating funds and funds for future major repairs and replacements to be classified separately for accounting and reporting purposes.

Fund accounting is helpful in segregating funds having restrictions on their use. Disbursements from the operating fund are generally made at the discretion of the board of directors. Disbursements from the replacement fund may be made only for the repair or replacement of the common components.

Maple Brooke Neighborhood Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2023

Note 2-Summary of Significant Accounting Policies (Continued)

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 replacements, major repairs, and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

Cash

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

Commonly Owned Assets

The Association has the responsibility to preserve and maintain the commonly owned assets. The Association's policy is not to capitalize and depreciate the commonly owned assets as ownership is vested directly or indirectly to the members and these assets are not deemed to be severable.

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

Member Assessments

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses and major repairs and replacements. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognizes revenue from operating assessments as the performance obligations are satisfied over time on a daily pro-rata basis using the input method to the extent that collection of assessments is probable. Any excess operating assessments at year-end are retained by the Association for use in the succeeding year. The performance obligation for replacement assessments is satisfied when the funds are expended for their designated purpose (generally at a point in time).

Maple Brooke Neighborhood Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2023

Note 2-Summary of Significant Accounting Policies (Continued)

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from members. 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 historical loss levels and an analysis of the collectability of individual accounts. The Association's policy is to retain legal counsel to collect delinquent assessments. A provision for expected credit losses was not deemed necessary as of December 31, 2023. The balances of assessments receivable as of the beginning and end of the year were \$4,889 and \$1,202, respectively.

Revenue from member assessments is reported net of amounts deemed uncollectible from members.

Contract Liabilities – Replacement Fund

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 the replacement assessments. During the current period, the Association assessed and received \$37,574 for the replacement fund. The balances of contract liabilities – replacement fund as of the beginning and end of the year were \$96,451 and \$105,150, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

Fair Value of Financial Instruments

The Association has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value due to the short maturity of these financial instruments.

Maple Brooke Neighborhood Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2023

Note 2-Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Update 2016-13 replaced the incurred loss model with an expected loss model, which is referred to as the current expected credit loss (“CECL”) model. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including but not limited to assessments receivable. The transition to the new guidance did not have a material impact on the Association’s financial position, results of operations, or cash flows upon adoption on January 1, 2023.

Note 3-Member Assessments

The Association bills its members in advance on a quarterly basis. Assessment fees received in advance for 2024 were \$36,541.

Quarterly assessments to members were \$1,213 in 2023. Of that amount, \$85 was designated to the replacement fund and \$683 was designated for master fees.

Note 4-Future Major Repairs and Replacements

The Association is in compliance with the Florida Statutes which allow the Association’s budget to include assessments for future major repairs and replacements. A study was conducted while preparing the 2024 budget to estimate the remaining useful lives and the replacement costs of the components of common property.

The Association is in compliance with their funding policy for future major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement cost and considering amounts previously accumulated in the replacement fund. The study indicated a funding requirement of \$11,396, which has been included in the 2024 budget.

Accumulated funds are held in a separate bank account and generally are not available for expenditures for normal operations.

Funds are being accumulated in the replacement fund based upon estimates of future needs for repairs and replacements of common property components.

Maple Brooke Neighborhood Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2023

Note 4-Future Major Repairs and Replacements (Continued)

Amounts are based on normal operations and without the effect of potential catastrophic occurrences. 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 for major repairs and replacements. If additional funds are needed, the Association has the right, subject to Florida Statutes, to increase regular assessments, pass special assessments, borrow, or delay major repairs and replacements until funds are available.

Note 5-Income Taxes

The Association is classified as a nonexempt membership organization for both federal and state income tax purposes for the year ended December 31, 2023. The Association is subject to specific rulings and regulations applicable to nonexempt membership organizations. In general, the Association is required to separate its taxable income and deductions into membership transactions, non-membership transactions, and capital transactions.

The Association has an option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code whereby non-exempt function income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net non-exempt function income, less \$100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2023, the Association has elected to file under 528, and incurred no income tax expense.

The Association's income tax returns are generally subject to examination by the applicable taxing authorities for three years after the returns are filed.

Note 6-Master Association

Maple Brooke Neighborhood Association, Inc. is also located within the Autumn Woods neighborhood which is governed by the Autumn Woods Community Association, Inc. (the "Master"). Members of Maple Brooke Neighborhood Association, Inc. are also members of the Master and are subject to improve, maintain, and manage the community property of the Autumn Woods neighborhood. Assessment levied by the Master are collected by the Association and remitted to the Master in an agency transaction.

Maple Brooke Neighborhood Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2023

Note 7-Subsequent Events

Management has evaluated the events and transactions that have occurred through February 1, 2024, the date the financial statements were available to be issued and noted no items requiring adjustment of the financial statements or additional disclosure.

Supplementary Information

Maple Brooke Neighborhood Association, Inc.
 Supplementary Schedule of Operating Fund Expenses
 Year Ended December 31, 2023

Master assessments	\$ 300,661	
Master fees	(300,661)	
	-	
Grounds		
Grounds contract	85,101	
Landscape maintenance	243	
Irrigation system maintenance	29,959	
Mulch/pine straw	24,309	
Palm trimming	10,175	
Tree trimming/hardwoods	14,760	
Driveway pressure washing	7,653	
	172,200	
Administration		
Corporate filing fees	61	
Insurance - general liability	984	
Fidelity bonds/D&O	1,878	
Worker's compensation	586	
Office supplies & postage	5,564	
Accounting	300	
Legal	15,516	
Management fees	19,800	
	44,689	
Total operating fund expenses	\$ 216,889	

Maple Brooke Neighborhood Association, Inc.
 Supplementary Schedule of Replacement Fund Activity
 Year Ended December 31, 2023

The Association's policy is to retain any replacement fund interest earned in the replacement fund and to recognize income as received. Expenditures from replacement fund interest are made at the discretion of the Board of Directors.

The following is the activity in the replacement fund by component for the year ended December 31, 2023:

	Contract Liabilities				Balance 12/31/23	Fund Balance 12/31/23	Total 12/31/23
	Balance 1/1/23	Additions	Charges	Transfers			
Painting	\$ 29,757	\$ 21,207	\$ -	\$ 49,061	\$ 50,964	\$ -	\$ 50,964
Roofing	25,500	8,500	(28,875)	-	5,125	-	5,125
Irrigation restoration	41,194	7,867	-	(49,061)	49,061	-	49,061
Unallocated interest	-	-	-	-	-	497	497
	<u>\$ 96,451</u>	<u>\$ 37,574</u>	<u>\$ (28,875)</u>	<u>\$ -</u>	<u>\$ 105,150</u>	<u>\$ 497</u>	<u>\$ 105,647</u>

Maple Brooke Neighborhood Association, Inc.
 Supplementary Information About Future Major Repairs and Replacement
 Year Ended December 31, 2023

The Board of Directors conducted a study to estimate the remaining useful lives and the replacement costs of the components of common property during the preparation of the 2024 budget.

Estimated current replacement costs have not been revised since that date 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 table is based on the study and presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Remaining Lives (Years)</u>	<u>Estimated Cost to Replace</u>	<u>2024 Funding Requirement</u>
Painting	5	\$ 157,000	\$ 11,396
Roofing	1	10,000	-
Irrigation restoration	-	112,000	-
		<u>\$ 279,000</u>	<u>\$ 11,396</u>