

# HAFER

*Certified Public Accountants and Consultants*  
249 ROYAL PALM WAY, SUITE 300  
PALM BEACH, FLORIDA 33480

TELEPHONE (561) 655-8700  
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www.HAFERCPAs.com

LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.  
3101 S.E. LEXINGTON LAKES DRIVE  
STUART, FL 34994

Invoice No. 29209  
Date 03/13/2018  
Client No. 1323

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Professional services rendered including performance of year ended  
December 31, 2017 financial statement audit and issuance of report  
thereon.

	\$	4,200.00
Progress Applied		<u>(2,100.00)</u>
Current Amount Due		2,100.00
Prior Balance		<u>0.00</u>
Total Amount Due	\$	<u>2,100.00</u>

# HAFER CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS FINANCIAL STATEMENT FINALIZATION & APPROVAL FORM

Lexington Lakes Condominium Association, Inc.

12/31/2017

Enclosed please find a copy of the proposed adjusted trial balance, the proposed adjusting journal entries, a draft of the financial statements, the AU-C 260 letter, the AU-C 265 letter, and the management representation letter. *Please read and review all documentation prior to signing below.*

## CLIENT AUTHORIZATION AND APPROVAL

*(please read carefully before signing below)*

By signing below you, on behalf of the Association, confirm to Hafer that the Board of Directors, those charged with governance, and applicable members of management: 1. have read and reviewed the accompanying draft financial statements, 2. understand and agree with the form, content, and presentation of the financial statements, and 3. approve Hafer to issue the financial statements in accordance with its firm policies. Additionally, your signature below, on behalf of the Association, confirms to us that all proposed adjusting entries are approved. Finally, by signing below, you are representing to us that you are authorized to act in this manner on behalf of the Association.

In addition to above, you acknowledge to us that there have been no changes with respect to actual, pending, or threatened litigation, claims, and/or assessments against the Association since February 28, 2018, the date present on the signed management legal confirmation previously provided to us. Furthermore, you acknowledge to us that there are no material events that have occurred subsequent to the year-end date noted above and prior to the date signed below that require disclosure in the financial statements. If there have been any material changes, you are required to communicate them to us prior to signing below.

\_\_\_\_\_  
*Signature (must be a member of the Board of Directors)*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Printed Name of the Signatory Above*

\_\_\_\_\_  
*Position on the Board*

Number of bound copies to be provided: \_\_\_\_\_  
An electronic (PDF) copy will be provided.

1 (please advise if more are needed)

If you have any other comments, concerns, or requests, please indicate below:

\_\_\_\_\_  
\_\_\_\_\_

### HAFER USE ONLY

_____ <i>Initials for Release</i>	_____ <i>Date</i>	_____ <i>Initials Mailed</i>	_____ <i>Date</i>
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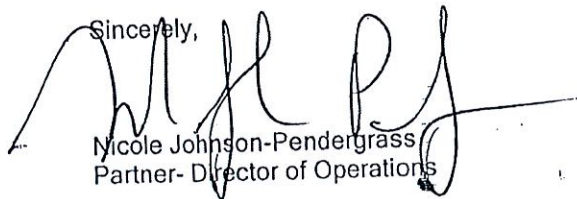
March 13, 2018

To the Board of Directors and Management:

We are writing this letter regarding your renewal for the engagement letter for next year's financial statements. I hope you are happy with our services. We have a slight increase in fees. We have not had any increases in several years. We are only slightly raising our fees. If you have any concerns, please contact me and we can discuss.

Please contact our office should you have any questions or concerns regarding this matter.

Sincerely,



Nicole Johnson-Pendergrass  
Partner- Director of Operations



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March 13, 2018

To the Board of Directors and Management of  
Lexington Lakes Condominium, Inc.

**Re: Engagement letter – audit**

We are pleased to confirm our understanding of the services we are to provide for Lexington Lakes Condominium, Inc. ("the Association") for the years ended December 31, 2018 and 2019.

We will audit the financial statements of the Association, which comprise the balance sheets as of December 31, 2018 and 2019 and the related statements of revenues, expenses, and changes in fund balance and cash flows for the years then ended, and the related notes to the financial statements. The documents we submit to you will include supplementary information about future major repairs and replacements (if provided by you) required by the Financial Accounting Standards Board ("FASB"). Although we will apply certain limited procedures with respect to the required supplementary information, we will not audit the information and will not express an opinion on it. Also, the supplementary schedule of operating expenses compared to budget accompanying the financial statements will be subjected to the auditing procedures applied in our 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, in accordance with auditing standards generally accepted in the United States of America, and our auditor's report will provide an opinion on it in relation to the financial statements as a whole.

**Audit Objective**

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

**Audit Procedures**

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and direct confirmation of certain assets and liabilities by correspondence with selected owners, creditors, legal counsel, financial institutions, and others, or none, as we deem necessary. Our procedures will not determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because such a determination is outside the scope of the engagement. We will also request written representations from your attorneys as part of the engagement. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.



An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Association or to acts by management or employees acting on behalf of the Association.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

#### **Other services**

We will prepare the Association's federal and state (if applicable) income tax returns for the years noted above based on information provided by you. We will also prepare the financial statements of the Association in conformity with U.S. generally accepted accounting principles based on the information you provide.

We will perform the services in accordance with applicable professional standards, including the *Statements on Standards for Tax Services* issued by the Association Institute of Certified Public Accountants. The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibility. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regards to those matters.

#### **Management Responsibilities**

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the company from whom we determine it necessary to obtain audit evidence.



Your financial statements, books and supporting records should be in good condition. All banking and investment accounts should be reconciled, detailed accounts receivable and accounts payable ledgers, which agree with the financial statements, should be maintained, any reserve accounting should be properly recorded, disbursements and expenses should be properly recorded in the correct fund, etc. If we determine that your books and records are not in good order once we begin the audit, we will advise you of their condition. At that time the audit will be delayed until the books and records are put in good order. We will advise you about appropriate accounting principles and their application and will assist in the preparation of the financial statements, but the ultimate decision making and responsibility for the financial statements remains with you. This responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Association involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Association received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Association complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other non-attest services we provide; oversee the services by designating an individual, with suitable skill, knowledge, or experience; evaluate the adequacy and result of the services; and accept responsibility for them.

#### **Administration, Fees, and Other**

Mr. Charles S. Hafer, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fees for our audit services will be **\$4,350** per year. Our fees for the preparation of the income tax return will be **\$350 (Form 1120-H) or \$750 (Form 1120 or 1120-C)** per year. The fee for this audit engagement is based on the Association's normal operating budget. If the financial situation of the Association substantially changes during the course of the year (e.g. large special assessments or projects), which causes the scope and extent of our services under this agreement to change, we will discuss a mutually agreeable change in fees prior to issuance of our report.

We will invoice 50% of the audit services fee at the signing of the engagement letter. We will invoice the remaining 50% when a "draft" of the financial statement is completed and delivered. All invoices are payable upon receipt. The fees shown above are based on anticipated cooperating from the Board of Directors, management and Association personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary to complete the audit, we will discuss it with you and arrive at a new fee before we incur the additional costs. Our invoices for these fees will be rendered as work progresses and are also payable upon receipt. If changes are requested to be made to the draft financial statements (after issuance of the first draft) for items that need to be recorded (e.g. payables and accruals) and we were not informed of these adjustments until after the issuance of the draft we will bill additional fees on an hourly rate of \$350 to change the draft.



After completing the engagement, meetings with management and the Board of Directors to present or discuss the results of the engagement will be billed at our standard hourly rates.

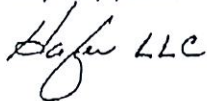
In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Any controversy, claim or dispute arising between Hafer LLC and the Association or its representatives, as a result of this engagement, shall be settled solely and exclusively by binding arbitration in Palm Beach County, Florida. Such arbitration shall be conducted in accordance with the then prevailing Florida Arbitration Codes. Each party shall bear its own attorney's fees and expenses. The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law, which shall be the law of the State of Florida. If for any reason this arbitration clause is not enforced, then each party hereby irrevocably waives all right to trial by jury as to any issue.

Additionally, by signing below you agree to release, indemnify, defend, and hold Hafer LLC and its partners, heirs, executors, personal representatives, successors, and assigns, harmless from any liability and costs resulting from knowing misrepresentations by the Board of Directors and/or the Association's management.

We sincerely appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



**Accepted:**

Lexington Lakes Condominium, Inc.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# **LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**

Hafer LLC d/b/a  
Hafer Certified Public Accountants and Consultants  
249 Royal Palm Way, Suite 300  
Palm Beach, Florida 33480

This representation letter is provided in connection with your audit of the financial statement of Lexington Lakes Condominium Association, Inc., which comprise the balance sheet as of December 31, 2017, and the related statement of revenues, expenses, and changes in fund balances, and cash flows for the period then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (herein referred to as U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date we signed the "Financial Statement Finalization Form," the following representations were made to you during your audit.

## **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of uncorrected misstatements, if any, are immaterial, both individually and in the aggregate, to the financial statements as a whole. In addition, you have proposed adjusting journal entries that have been posted to the Association's accounts. We are in agreement with those adjustments.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been properly disclosed in accordance with U.S. GAAP.

- Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- When applicable, securities classification under FASB ASC 320 reflects management and the Association's ability and intent.
- Transfers or designations of fund balance or interfund borrowings have been properly authorized and approved and have been properly recorded and disclosed in accordance with U. S. GAAP.
- Uncollectible interfund loans have been properly accounted for and disclosed in accordance with U.S. GAAP.

#### Information Provided

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, minutes, and other matters.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the Association from whom you determine it necessary to obtain audit evidence.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the Association and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Association's financial statements communicated by employees, former employees, regulators, or others.
- We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which we are aware.
- Except as made known to you, the Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The Association has insurance coverage in accordance with its governing documents and the Board believes this coverage to be adequate.
- We acknowledge our responsibilities for presenting the required supplementary information (RSI) in accordance with U.S. GAAP. If presented, the RSI is measured and presented within prescribed guidelines, and the methods of measurement and presentation have not changed from those used in the prior period, or if they have, we have made you aware of such changes. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of RSI.



- We acknowledge our responsibility for presenting the schedule of operating expenses compared to budget in accordance with U.S. GAAP, and we believe the schedule of operating expenses compared to budget, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the schedule of operating expenses compared to budget have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- The Board of Directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study conducted in 2014. The Board of Directors believes the funds will adequately provide for future major repairs and replacements.
- The Association's allocation of expenses against exempt and non-exempt function income conforms to IRS rules, which require that the allocation be made "on a reasonable basis."
- We understand the management is responsible for the Association's choice of filing Form 1120 or Form 1120-H and the consequences thereof.
- We have complied, in all material respects, with our governing documents, by-laws, applicable Florida Statutes, and applicable chapters of the Florida Administrative Code.
- We have read and understand your communication of internal control related matters.
- We have responded fully and truthfully to all inquiries made to us during your audit, and we verify to you that by signing below we agree to release, indemnify, defend, and hold Hafer LLC and its partners, heirs, executors, personal representatives, successors, and assigns, harmless from any liability and costs resulting from any knowing misrepresentations.
- In regards to the financial statement preparation and tax services performed by you, we have:
  - Assumed all management responsibilities
  - Designated an individual who possesses suitable skill, knowledge, and/or experience to oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the results of the services.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: President

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: Treasurer

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: Property Manager



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## **INDEPENDENT AUDITORS' REPORT**

To The Board of Directors  
Lexington Lakes Condominium Association, Inc.

We have audited the accompanying financial statements of Lexington Lakes Condominium Association, Inc. ("the Association"), which comprise the balance sheet as of December 31, 2017, and the related statement of revenues and expenses and changes in fund balances and cash flows for the year then ended and the related notes to the financial statements.

### ***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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lexington Lakes Condominium Association, Inc. as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Palm Beach, Florida  
[Date to be determined]

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**BALANCE SHEET**  
**December 31, 2017**

	<u>Operating Fund</u>	<u>Working Capital Fund</u>	<u>Replacement Fund</u>	<u>Total Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 227,498	\$ 65,297	\$ 212,488	\$ 505,283
Certificates of deposit (Note 2)	150,974	-	963,252	1,114,226
Assessments receivable, net (Note 4)	6,114	-	-	6,114
Prepaid expenses	178,903	-	-	178,903
Utility deposits	15,727	-	-	15,727
Due (to) from funds	(5,105)	5,277	(172)	-
	<u>\$ 574,111</u>	<u>\$ 70,574</u>	<u>\$ 1,175,568</u>	<u>\$ 1,820,253</u>
<b>Total assets</b>				
	<u>\$ 574,111</u>	<u>\$ 70,574</u>	<u>\$ 1,175,568</u>	<u>\$ 1,820,253</u>
<b>Liabilities and fund balances</b>				
Accounts payable and accrued expenses	\$ 39,308	\$ -	\$ -	\$ 39,308
Insurance payable (Note 9)	65,286	-	-	65,286
Prepaid assessments	20,717	-	-	20,717
Refundable deposits	13,330	-	-	13,330
Deferred settlement proceeds (Note 11)	50,029	-	-	50,029
Deferred cable revenue (Note 12)	9,504	-	-	9,504
Termite note payable (Note 13)	92,849	-	-	92,849
Other liabilities	123	-	-	123
	<u>291,146</u>	<u>-</u>	<u>-</u>	<u>291,146</u>
<b>Total liabilities</b>				
	<u>291,146</u>	<u>-</u>	<u>-</u>	<u>291,146</u>
<b>Fund balances</b>				
	<u>282,965</u>	<u>70,574</u>	<u>1,175,568</u>	<u>1,529,107</u>
<b>Total liabilities and fund balances</b>				
	<u>\$ 574,111</u>	<u>\$ 70,574</u>	<u>\$ 1,175,568</u>	<u>\$ 1,820,253</u>

See notes to financial statements.



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES**  
*For the year ended December 31, 2017*

	Operating Fund	Working Capital Fund	Replacement Fund	Total Funds
<b>Revenues</b>				
Maintenance assessments	\$ 779,580	\$ -	\$ 218,000	\$ 997,580
Settlement proceeds (Note 11)	10,608	-	-	10,608
Cable revenue (Note 12)	3,168	-	-	3,168
Interest income	1,862	45	12,091	13,998
Other income	11,385	-	-	11,385
	<u>806,603</u>	<u>45</u>	<u>230,091</u>	<u>1,036,739</u>
Total revenues				
<b>Expenses</b>				
Building maintenance and repairs	294,363	-	-	294,363
Utilities	322,010	-	-	322,010
Administration	195,180	-	-	195,180
Settlement expenses (Note 11)	10,608	-	-	10,608
Major repairs and replacements	-	11,002	15,911	26,913
	<u>822,161</u>	<u>11,002</u>	<u>15,911</u>	<u>849,074</u>
Total expenses				
<b>Excess (deficiency) of revenues over expenses</b>	(15,558)	(10,957)	214,180	187,665
Fund balances, beginning of year	298,523	61,686	961,388	1,321,597
Capital contributions	-	19,845	-	19,845
<b>Fund balances, end of year</b>	<u>\$ 282,965</u>	<u>\$ 70,574</u>	<u>\$ 1,175,568</u>	<u>\$ 1,529,107</u>

See notes to financial statements.

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
*For the year ended December 31, 2017*

	Operating Fund	Working Capital Fund	Replacement Fund	Total Funds
<b>Cash flows from operating activities</b>				
Excess (deficiency) of revenues over expenses	\$ (15,558)	\$ (10,957)	\$ 214,180	\$ 187,665
<b><u>Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash (used) provided by operating activities</u></b>				
<b><u>Changes in assets and liabilities:</u></b>				
Assessments receivable	2,501	-	-	2,501
Prepaid expenses	(95,288)	-	-	(95,288)
Accounts payable and accrued expenses	9,338	-	-	9,338
Prepaid assessments	(7,763)	-	-	(7,763)
Refundable deposits	3,250	-	-	3,250
Deferred paver income	(302)	-	-	(302)
Deferred settlement proceeds	(10,563)	-	-	(10,563)
Deferred cable income	(3,168)	-	-	(3,168)
Net cash (used) provided by operating activities	<u>(117,553)</u>	<u>(10,957)</u>	<u>214,180</u>	<u>85,670</u>
<b>Cash flows (to) investing activities</b>				
Purchase of certificates of deposit	<u>(150,974)</u>	<u>-</u>	<u>(963,252)</u>	<u>(1,114,226)</u>
<b>Cash flows from financing activities</b>				
Capital contributions	-	19,845	-	19,845
Proceeds from insurance payable, net	6,208	-	-	6,208
Proceeds from termite note payable, net	92,849	-	-	92,849
Interfund borrowings	<u>(90,017)</u>	<u>(5,277)</u>	<u>95,294</u>	<u>-</u>
Net cash provided by financing activities	<u>9,040</u>	<u>14,568</u>	<u>95,294</u>	<u>118,902</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(259,487)</u>	<u>3,611</u>	<u>(653,778)</u>	<u>(909,654)</u>
Cash and cash equivalents, beginning of year	<u>486,985</u>	<u>61,686</u>	<u>866,266</u>	<u>1,414,937</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 227,498</u></u>	<u><u>\$ 65,297</u></u>	<u><u>\$ 212,488</u></u>	<u><u>\$ 505,283</u></u>

Supplemental disclosures of cash flow information (Note 10)



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2017*

**NOTE 1: Organization**

Lexington Lakes Condominium Association, Inc. ("the Association") was incorporated under the laws of the State of Florida as a not-for-profit corporation on January 24, 2005. The Association is responsible for maintaining and preserving the common property of the Association in accordance with the terms of Florida Statutes §718 and the provisions of the Declaration of Condominium. The Association consists of 264 residential units located in Stuart, Florida.

**NOTE 2: Summary of significant accounting policies**

Fund accounting

The Association prepares its financial statements on the accrual basis of accounting and presents them using fund accounting, using separate funds for operations, working capital, and future major repairs and replacements. Disbursements from the operating fund are generally for the day-to-day operations and non-recurring unanticipated expenditures of the Association and are made at the discretion of the Board of Directors. Disbursements from the working capital fund are made at the discretion of the Board of Directors. Disbursements from the replacement fund generally are made only for designated purposes.

Interest earned

Interest earned by each fund is allocated to the appropriate fund. Income taxes on the interest earned are paid from the operating fund.

Property and depreciation

The Association capitalizes all real property and certain personal property which it purchases. Real property and common area acquired from the developer and related improvements to such property are not reflected on the Association financial statements because those properties are owned by the individual unit owners in common, and not by the Association. Property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method of depreciation.

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.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks including certificates of deposits and money market funds. Cash equivalents include highly liquid securities with maturity of 90 days or less.

Short-term financial instruments

The carrying amount of the Association's financial instruments, which include cash and cash equivalents, assessments receivable, accounts payable, accrued expenses and other assets and liabilities, approximate their fair values due to their short-term maturities.

Compensated absences

Employees of the Association are entitled to paid vacations, sick days, and other time off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when paid to employees.



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2017*

**NOTE 2: Summary of significant accounting policies (continued)**

Utility pass-through

In accordance with FASB ASC 605-45, the Association recognizes utility pass-through assessments using principal agent considerations. The Association is primarily involved in the determination of a specific service, it has the discretion in selecting the suppliers of such services, and it bears the credit risk for the amounts billed for the service; accordingly, the management has determined that the Association is the principal, and, accordingly, recognizes all utility pass-through activities using gross reporting.

Certificates of deposit

Certificates of deposit consist of those certificates with original maturities of more than 90 days. The certificates are carried at cost plus any interest earned and reinvested. The Association, at least annually, assesses for any other-than-temporary impairment, and as of the date of these financial statements, the Association does not believe any impairment exists. The certificates have varying maturity dates and varying interest rates. At December 31, 2017, certificates of deposit totaled \$1,113,929.

Subsequent events

Subsequent events have been evaluated through [date to be determined], the date the financial statements were available to be issued in accordance with FASB ASC 855.

Recently issued accounting guidance, not yet adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases". The standard will affect all entities that lease assets and will require lessees to recognize a lease liability and a right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. For non-public entities, such as the Association, the new standard is effective for annual periods beginning after December 15, 2019. While the Association expects the adoption of this standard to result in an increase to its reported assets and liabilities, the Association has not yet determined the full impact that the adoption of this standard will have on its financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers". This new guidance will replace most existing U.S. GAAP guidance on this topic. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issues ASU No. 2015-14, which deferred, by one year, the effective date for the revenue reporting standard. Additionally, in March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers, Principal versus Agent Considerations (Reporting Revenue Gross versus Net)" clarifying the implementation guidance on principal versus agent considerations. Specifically, an entity is required to determine whether the nature of a promise is to provide the specified good or service itself (that is, the entity is a principal) or to arrange for the good or service to be provided to the customer by the other party (that is, the entity is an agent). The determination influences the timing and amount of revenue recognition. For non-public entities, such as the Association, these new ASUs are effective for annual periods beginning after December 15, 2018. The Association is evaluating the impact that these ASUs will have on its financial statements and related disclosures.

**NOTE 3: Concentration of credit risk**

The Association maintains its cash in bank at various financial institutions whereby deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation. The balance at times may exceed this federally insured limit. The Association uses a sweep account to mitigate this risk when necessary.



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2017*

**NOTE 4: Owners' assessments and allowance for uncollectible accounts**

Monthly assessments to unit owners are based upon a share of the budgeted operating expenses and future major repairs and replacements. The Association retains excess operating funds at the end of the year for use in future operating periods. Assessments receivable at the balance sheet date represent fees due from unit owners. Assessments paid in advance are included on the balance sheet as prepaid maintenance fees. The Association's policy is to retain legal counsel and place liens or foreclose on units of members whose assessments are delinquent. The Association's estimate of the allowance for uncollectible accounts is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of reported amounts. The Association's assessments receivable at December 31, 2017 were as follows:

Assessments receivable	\$	8,289
Less: allowance for doubtful accounts		(2,175)
	\$	<u>6,114</u>

**NOTE 5: Income taxes**

The Association makes a yearly election to be taxed either under Internal Revenue Code Section 528 as a homeowners' association or under regular corporate income tax provisions. For 2017, the Association was taxed under Section 528. Under this election, the Association is generally taxed only on non-membership income, such as interest earnings, at applicable rates. Additionally, from time to time, certain temporary differences may arise between financial and taxable income, the overall effects of which are not material to the financial statements taken as whole. As such, the Association has not recorded deferred income taxes at December 31, 2017. The Association's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of income tax expense. Generally, the Association's federal income tax returns for 2015 – 2017 remain subject to possible examination by the Internal Revenue Service.

**NOTE 6: Litigation**

The Association is a party to various legal actions normally associated with condominium associations, such as the collection of delinquent assessments and covenant compliance matters, the aggregate effect of which, in management's opinion, would not be material to the future financial condition of the Association.

**NOTE 7: Insurance contingencies**

In the event of a loss due to a hurricane the Association would be responsible for a deductible of approximately 2% of the total insured value of the property under the provisions of the hurricane loss insurance contract.

**NOTE 8: Other commitments and contingencies**

The Association has contracted with various vendors for various services to maintain the common property related to certain administration and building operations and maintenance expenses. These contracts are approved, as necessary, by the Board of Directors and have varying expiration dates and renewal terms.

**NOTE 9: Insurance payable**

During 2017, the Association financed its insurance premiums with Premium Assignment Corporation. The total amount financed was \$63,925 and is payable in monthly installments of approximately \$6,529 including interest through October 2018. The loan is secured by any unearned premiums or other sums which may become collectible under the terms of the agreement. At December 31, 2017, the outstanding balance, including accrued interest, was \$65,286.



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2017*

**NOTE 10: Supplemental disclosures of cash flow information**

Non-cash financing activities during 2017 were as follows:

Cost of insurance coverage acquired via financing agreements	\$ 85,784
Cash paid related to financing agreements (down payments)	<u>(21,859)</u>
Liabilities assumed (Note 9)	<u>\$ 63,925</u>
Cost of termite coverage acquired via note payable	\$ 94,000
Cash paid related to acquisition of note payable	<u>-</u>
Liabilities assumed (Note 13)	<u>\$ 94,000</u>

**NOTE 11: Deferred settlement proceeds**

During 2012, the Association settled an on-going lawsuit with Centex Homes related to alleged construction defects. The Association received \$195,000 in exchange for a release of all past, present, and future claims against Centex. As of December 31, 2016, the Association had expended \$134,408 towards its designated purpose. During 2017, the Association expended \$10,608 for its designated purpose and received a refund of \$45. Therefore, at December 31, 2017, the remaining balance of \$50,029 is recorded as deferred settlement proceeds until expended for its designated purpose.

**NOTE 12: Deferred cable revenue**

On December 1, 2015, the Association entered into a bulk cable contract with Comcast. As consideration for entering into a five-year contract, Comcast agreed to pay the Association \$60 per unit, or \$15,480. The Association, in accordance with accounting policies generally accepted in the United States of America, is amortizing the revenue over the life of the contract. Accordingly, for the year ended December 31, 2017, the Association has recognized \$3,168 as cable revenues. At December 31, 2017, the remaining balance of \$9,504 is recorded as deferred cable revenue and will be recognized over the remaining life of the contract.

**NOTE 13: Termite note payable**

During October 2017, the Association entered into a nine-year agreement with Terminix for a preventative dry wood termite treatment and service plan. The cost of the agreement was \$77,700 for the initial five-year term plus four additional years at a cost of \$16,300; the total cost of the agreement was \$94,000. The cost of the agreement was financed using a note payable over a term of 60 monthly installments in the amount of \$2,091. The note bears a fixed interest rate of 12% per annum. For the year ended December 31, 2017, interest expense related to the note was \$940. At December 31, 2017, the outstanding balance is \$92,849. The minimum principal maturities are as follows:

2018	\$ 14,742
2019	16,613
2020	18,720
2021	21,094
2022	<u>21,680</u>
	<u>\$ 92,849</u>

**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2017*

**NOTE 13: Termite note payable (continued)**

*Amortization of termite costs*

In conjunction with the aforementioned note payable, the Association recorded prepaid termite expense in the amount of \$94,000, which is being amortized over the life of the agreement. For the year ended December 31, 2017, the Association recognized expenses related to the agreement of \$870, and the remaining unamortized balance of \$93,130 is recorded in prepaid expenses in the accompanying *Balance Sheet*.

**NOTE 14: Future major repairs and replacements**

The Association is accumulating funds for future major repairs and replacements. Accumulated funds are held in separate interest-bearing accounts and are generally not available for operating purposes. During 2014, the Board of Directors contracted with an independent contractor to conduct an independent study to estimate the remaining useful lives and replacement costs of the common property components. The schedule included in the supplementary information on future repairs and replacements is based upon this study. The Association is funding \$222,000 for 2018.

Actual expenditures may vary from the estimated amounts and the variation 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 may increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

During 2014, the Association voted to begin funding the reserves on the pooling method in 2015. Furthermore, during 2017, the Association vote to pool its existing component reserves into the pooled reserve (see transfers in the table below).

Components of the replacement fund are as follows:

	Balance 01/01/17	Additions	Interest Income	Expenses	Transfers (see above)	Balance 12/31/17
Roof	\$ 524,641	\$ -	\$ -	\$ -	\$ (524,641)	\$ -
Painting	-	-	-	770	770	-
Pressure washing	-	-	-	-	-	-
Paving	30,670	-	-	8,875	(21,795)	-
Pool and equipment	(2,405)	-	-	2,495	4,900	-
Comm. area interior	9,209	-	-	-	(9,209)	-
Site improvements	29,799	-	-	-	(29,799)	-
Defects / upgrades	62,775	-	-	3,434	(59,341)	-
Pooled reserves	306,699	218,000	12,091	337 <sup>1</sup>	639,115	1,175,568
	<u>\$ 961,388</u>	<u>\$ 218,000</u>	<u>\$ 12,091</u>	<u>\$ 15,911</u>	<u>\$ -</u>	<u>\$ 1,175,568</u>

<sup>1</sup> Pooled expenses consist of irrigation expense.



**LEXINGTON LAKES CONDOMINIUM ASSOCIATION, INC.**  
**SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)**  
*December 31, 2017*

The following schedule is based upon a study conducted by an independent consultant in 2014 to estimate the remaining useful lives and replacement costs of the components of common property. The schedule provides information about components of common property.

<u>Component</u>	<u>Estimated Useful Life (years)</u>	<u>Estimated Remaining Life (years)</u>	<u>Estimated Replacement Cost</u>	<u>Fund Balances 12/31/17</u>	<u>Approved Budgeted Funding 12/31/18</u>
Roof	25	13	\$ 2,588,614	\$ -	\$ -
Painting	5-7	4	1,853,424	-	-
Pressure washing	3-5	-	189,348	-	-
Paving	15-25	8	484,129	-	-
Pool and equipment	8-30	0-15	69,627	-	-
Common area interiors	5-20	0-10	121,448	-	-
Site improvements	1-25	2-25	726,638	-	-
Exterior building	1-25	4-23	433,455	-	-
Pooled reserves	-	-	-	1,175,568	222,000
			<u>\$ 6,466,683</u>	<u>\$ 1,175,568</u>	<u>\$ 222,000</u>

See auditors' report on supplementary information.

[Date to be determined]

To the Board of Directors of  
Lexington Lakes Condominium Association, Inc.

### **Communication with Those Charged with Governance (AU-C 260)**

We have audited the financial statements of Lexington Lakes Condominium Association, Inc. ("the Association") for the year ended December 31, 2017 and have issued our report thereon. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our previously signed engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Association are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The following are the most sensitive estimate affecting the financial statements:

- Management's estimate of the allowance for uncollectible accounts, which is based upon past, current and future expected collection rates, an analysis of the collectability of individual accounts, Florida Statutes, and current economic conditions. We evaluated the key factors and assumptions used to develop the allowance for uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Additionally, the financial statement disclosures are an integral part of the financial statements because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We have provided you with a copy of all adjusting journal entries proposed, which have been approved and recorded by management.



[Date to be determined]

To the Board of Directors and Management of  
Lexington Lakes Condominium Association, Inc.  
3101 SE Lexington Lakes Drive  
Stuart, FL 34994

**Communication of Internal Control Related Matters (AU-C 265)**

In planning and performing our audit of the financial statements of Lexington Lakes Condominium Association, Inc. ("the Association") as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statement will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the Board of Directors, and other within the Association, and is not intended to be and should not be used by anyone other than these specified parties.

Hafer LLC d/b/a  
Hafer Certified Public Accountants and Consultants  
Palm Beach, Florida

Lexington Lakes Condominium Association  
Trial Balance Grid Report

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting AJE	Adjusted Balance
101	Seacoast bank - operating	A	4,802.65	34,077.65	0.00	34,077.65
102	Seacoast bank - operating	A	259,515.11	129,540.58	0.00	129,540.58
103	Centerstate - working capi	A	61,685.37	65,295.99	0.00	65,295.99
105	Seacoast bank - reserve re	A	180,104.41	212,488.36	0.00	212,488.36
106	Centerstate - reserve MM	A	54,315.35	0.00	0.00	0.00
108	Centerstate - security dep	A	8,855.20	12,205.20	0.00	12,205.20
109	Florida community - oper M 2 TO RECORD UNRECORDED INT	A   AJE	51,061.52	51,577.45	96.51 96.51	51,673.96
110	A/R maintenance	A	10,814.84	8,290.11	0.00	8,290.11
111	Allowance for bad debt	A	(3,799.84)	(2,175.11)	0.00	(2,175.11)
112	A/R - legal	A	1,600.00	0.00	0.00	0.00
114	Bank united MM 3138 - oper	A	50,990.50	0.00	0.00	0.00
115	Centax attorney retainer	A	315.00	0.00	0.00	0.00
116	Due to / from reserves	A	0.00	172.47	0.00	172.47
119	Prepaid expense - termite 3 TO CORRECT TERMITE AMORT	A   AJE	0.00	92,433.33	696.30 696.30	93,129.63
120	Prepaid insurance	A	80,855.58	81,923.66	0.00	81,923.66
121	Bank united MM 9192 - oper	A	50,903.63	0.00	0.00	0.00
122	Bank united MM #2744	A	60,854.67	0.00	0.00	0.00
123	Prepaid expenses	A	2,444.22	3,849.20	0.00	3,849.20
124	First citizen reserve	A	179,110.15	0.00	0.00	0.00
126	Florida community bank - r 2 TO RECORD UNRECORDED INT	A   AJE	202,473.52	204,054.64	1,148.75 1,148.75	205,203.39
127	New york bank - reserves 2 TO RECORD UNRECORDED INT	A   AJE	250,263.42	250,263.42	3,122.55 3,122.55	253,385.97
128	Bank United CD 1.25% 4/2/1	A	0.00	252,840.20	0.00	252,840.20
129	Centerstate CD 1.01% 5/25/	A	0.00	100,677.17	0.00	100,677.17
130	Utility deposits	A	15,726.87	15,726.87	0.00	15,726.87
131	Trustco Bank CD 2 TO RECORD UNRECORDED INT	A   AJE	0.00	250,000.00	1,823.21 1,823.21	251,823.21
132	Centerstate CD 6/2018 2 TO RECORD UNRECORDED INT	A   AJE	0.00	50,000.00	296.83 296.83	50,296.83
196	Due from operating	A	0.00	(172.47)	0.00	(172.47)
197	Due to operating	A	95,121.84	0.00	0.00	0.00
211	Insurance payable	L	(59,078.34)	(65,286.30)	0.00	(65,286.30)



Lexington Lakes Condominium Association  
Trial Balance Grid Report

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting AJE	Adjusted Balance
212	N/P - termite	L	0.00	(92,849.02)	0.00	(92,849.02)
214	Due to replacement	L	(95,121.84)	0.00	0.00	0.00
216	Prepaid maintenance fees	L	(28,480.00)	(20,717.08)	0.00	(20,717.08)
218	Accrued expense	L	(5,847.92)	(28,631.13)	0.00	(28,631.13)
219	Social activity fund	L	(122.59)	(122.59)	0.00	(122.59)
220	Accounts payable	L	(24,121.75)	(10,676.66)	0.00	(10,676.66)
223	Refundable security deposi	L	(10,080.22)	(13,330.22)	0.00	(13,330.22)
224	Deferred income	L	(60,591.90)	(50,028.70)	0.00	(50,028.70)
225	Deferred paver income	L	(301.80)	0.00	0.00	0.00
226	Deferred cable income	L	(12,672.00)	(9,504.00)	0.00	(9,504.00)
227	Less - current portion LTD	L	0.00	14,743.28	0.00	14,743.28
228	Current portion LTD	L	0.00	(14,743.28)	0.00	(14,743.28)
230	Reserve roof - opening	L	(524,640.48)	(524,640.48)	0.00	(524,640.48)
233.1	Reserve roof - transfers	L	0.00	524,640.48	0.00	524,640.48
234	Reserve paint - opening	L	(14,700.53)	0.00	0.00	0.00
236	Reserve paint - expense	L	14,700.53	770.00	0.00	770.00
237.1	Reserve paint - transfers	L	0.00	(770.00)	0.00	(770.00)
242	Reserve paving - opening	L	(30,669.53)	(30,669.53)	0.00	(30,669.53)
244	Reserve paving - expense	L	0.00	8,875.00	0.00	8,875.00
245.1	Reserve paving - transfers	L	0.00	21,794.53	0.00	21,794.53
246	Reserve pool / equipment -	L	(20,515.64)	2,404.78	0.00	2,404.78
248	Reserve pool / equipment -	L	22,920.42	2,495.07	0.00	2,495.07
249.1	Reserve pool / equipmentv-	L	0.00	(4,899.85)	0.00	(4,899.85)
250	Reserve comm. area interio	L	(9,210.42)	(9,210.42)	0.00	(9,210.42)
253.1	Reserve comm. area interio	L	0.00	9,210.42	0.00	9,210.42
254	Reserve site improvements	L	(37,707.07)	(29,797.56)	0.00	(29,797.56)
256	Reserve site improvements	L	7,909.51	0.00	0.00	0.00
257.1	Reserve site improvements	L	0.00	29,797.56	0.00	29,797.56
258	Reserve defect/upgrade - o	L	(62,775.64)	(62,775.64)	0.00	(62,775.64)
260	Reserve defect/upgrade - e	L	0.00	3,434.17	0.00	3,434.17
261	Reserve defect/upgrade - t	L	0.00	59,341.47	0.00	59,341.47
262	Reserve pooled - opening	L	(144,451.73)	(306,699.84)	0.00	(306,699.84)



Lexington Lakes Condominium Association  
Trial Balance Grid Report

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting AJE	Adjusted Balance
				(217,999.95)	0.00	(217,999.95)
263	Reserve pooled - income	L	(214,000.44)			
264	Reserve pooled - interest	L	(3,215.66)	(5,996.83)	(6,094.51)	(12,091.34)
	2 TO RECORD UNRECORDED INT	AJE			(6,094.51)	
265	Reserve pooled - pressure	L	53,067.99	0.00	0.00	0.00
266	Reserve pooled - paint	L	1,900.00	0.00	0.00	0.00
267	Reserve pooled - expenses	L	0.00	337.08	0.00	337.08
267.1	Reserve pooled - transfers	L	0.00	(639,114.61)	0.00	(639,114.61)
371	Fund balance	L	(294,822.86)	(298,521.59)	0.00	(298,521.59)
372	Working capital	L	(55,371.34)	(61,685.37)	0.00	(61,685.37)
372.1	Working capital - income	L	(22,090.00)	(3,780.00)	(16,065.00)	(19,845.00)
	1 TO RECLASS CAPITAL CONTR	AJE			(16,065.00)	
373	Working capital - interest	L	(49.31)	(44.63)	0.00	(44.63)
374	Working capital - expense	L	15,825.28	11,001.87	0.00	11,001.87
401	Maintenance fees	R	(784,084.56)	(779,580.05)	0.00	(779,580.05)
402	Reserve assessments	R	(214,000.00)	(217,999.95)	0.00	(217,999.95)
412	Background check income	R	(3,375.00)	(6,620.00)	0.00	(6,620.00)
420	Settlement proceeds	R	(25,753.36)	(10,608.20)	0.00	(10,608.20)
425	Late fees	R	(2,253.70)	(1,333.49)	0.00	(1,333.49)
430	Interest income	R	(2,081.16)	(1,468.97)	(393.34)	(1,862.31)
	2 TO RECORD UNRECORDED INT	AJE			(393.34)	
435	Fines income	R	(0.30)	0.00	0.00	0.00
440	Other income	R	(2,189.80)	(1,000.00)	0.00	(1,000.00)
441	Cable income	R	(3,168.00)	(3,168.00)	0.00	(3,168.00)
445	Gate remote	R	(591.00)	(570.00)	0.00	(570.00)
446	Application fees	R	(2,125.04)	0.00	0.00	0.00
447	Miscellaneous	R	0.00	(142.00)	0.00	(142.00)
450	Reimbursement - gate repai	R	0.00	(95.00)	0.00	(95.00)
452	Bad debt recovery	R	0.00	(1,624.73)	0.00	(1,624.73)
453	Capital contribution	R	0.00	(16,065.00)	16,065.00	0.00
	1 TO RECLASS CAPITAL CONTR	AJE			16,065.00	
501	Management fees	E	67,317.58	70,290.47	0.00	70,290.47
502	Audit and tax preparation	E	4,450.00	4,200.00	0.00	4,200.00
503	Accounting services	E	13,640.00	13,279.00	0.00	13,279.00
504	Office personnel	E	149.00	0.00	0.00	0.00



Lexington Lakes Condominium Association  
Trial Balance Grid Report

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting A/E	Adjusted Balance
505	Legal and professional	E	440.00	2,342.76	0.00	2,342.76
506	Domain name	E	108.89	108.89	0.00	108.89
507	Recreational activities	E	40.00	0.00	0.00	0.00
508	Management - other	E	8,542.40	6,558.00	0.00	6,558.00
509	Computer repairs	E	200.00	0.00	0.00	0.00
510	Insurance	E	94,803.13	88,751.53	0.00	88,751.53
511	Insurance appraisal	E	1,350.00	0.00	0.00	0.00
514	Copier service	E	543.89	805.55	0.00	805.55
515	Postage	E	780.49	1,326.83	0.00	1,326.83
516	Printing services	E	0.00	8.75	0.00	8.75
520	Office supplies	E	2,013.03	925.79	0.00	925.79
522	Background check expense	E	4,115.83	4,432.70	0.00	4,432.70
530	Fees to division	E	1,356.00	1,356.00	0.00	1,356.00
531	Corporate annual fee	E	61.25	61.25	0.00	61.25
540	Bad debt	E	1,047.32	0.00	0.00	0.00
545	Other expenses	E	2,373.77	381.23	0.00	381.23
546	Fido baggies	E	738.86	422.15	0.00	422.15
548	Settlement expenses	E	25,753.36	10,608.20	0.00	10,608.20
551	Electric	E	21,391.96	25,478.94	0.00	25,478.94
554	Water and sewer	E	128,177.86	132,655.72	0.00	132,655.72
555	Trash collection	E	33,737.53	34,646.45	0.00	34,646.45
571	Telephone	E	6,830.19	6,959.23	0.00	6,959.23
574	Cable TV	E	114,467.89	122,270.34	0.00	122,270.34
575	Building maintenance and s	E	15,371.95	5,936.71	0.00	5,936.71
576	Golf cart maintenance	E	4,693.58	307.50	0.00	307.50
577	Gate maintenance and repai	E	3,233.34	2,319.31	0.00	2,319.31
578	Janitorial service	E	15,986.14	16,536.00	0.00	16,536.00
579	Backflow inspections	E	1,529.28	60.00	0.00	60.00
580	Lake maintenance and litto	E	2,024.00	2,204.00	0.00	2,204.00
581	Preserve and perimeter mai	E	7,870.00	475.00	0.00	475.00
583	Road and sign maintenance	E	357.38	267.03	0.00	267.03
584	Fountain	E	150.00	0.00	0.00	0.00



Lexington Lakes Condominium Association  
Trial Balance Grid Report

Number	Description	Type	Prior Period	Unadjusted Balance	Adjusting AJE	Adjusted Balance
585	Gate damage repairs	E	150.00	897.02	0.00	897.02
587	Janitorial supplies	E	713.95	871.64	0.00	871.64
588	Pest control - clubhouse	E	513.60	513.60	0.00	513.60
589	Lighting and electrical	E	3,733.11	3,646.79	0.00	3,646.79
590	Extinguishers and hydrants	E	56.00	910.50	0.00	910.50
591	Maintenance supplies	E	260.70	611.01	0.00	611.01
592	Capital expenditures	E	0.00	4,193.32	0.00	4,193.32
593	Roofing and drywall repair	E	0.00	23,252.00	0.00	23,252.00
594	Termite bond and interest	E	0.00	2,506.67	(696.30)	1,810.37
	3 TO CORRECT TERMITE AMORT	AJE			(696.30)	
625	Landscape maintenance	E	61,947.92	69,428.00	0.00	69,428.00
626	Landscape replacement	E	14,416.78	14,502.04	0.00	14,502.04
629	Pest control	E	14,902.70	20,054.78	0.00	20,054.78
630	Irrigation contract	E	9,600.00	9,600.00	0.00	9,600.00
631	Irrigation supplies and re	E	6,821.09	4,985.33	0.00	4,985.33
633	Mulch	E	7,946.00	8,254.20	0.00	8,254.20
634	Tree trimming	E	8,984.50	1,423.71	0.00	1,423.71
635	Christmas lights and decor	E	3,638.98	3,732.58	0.00	3,732.58
636	Pressure washing	E	5,250.00	5,100.00	0.00	5,100.00
637	Hoover pump system repairs	E	0.00	2,212.24	0.00	2,212.24
650	Pool maintenance and repai	E	4,775.13	4,567.63	0.00	4,567.63
651	Recreation area maintenanc	E	179.20	25.00	0.00	25.00
652	Camera repairs	E	2,152.98	2,181.44	0.00	2,181.44
671	Security guards	E	82,986.64	78,769.21	0.00	78,769.21
685	Income tax expense	E	0.00	350.00	0.00	350.00
701	Contingency	E	7,247.97	3,908.00	0.00	3,908.00
899	Correct defects / upgrades	E	0.00	384.25	0.00	384.25
900	Reserve expense	E	214,000.04	217,999.95	0.00	217,999.95
Total			0.00	0.00	0.00	0.00
YTD Profit/(Loss)				(580.85)		(15,556.21)



Prepared by \_\_\_\_\_

**Lexington Lakes Condominium Association**  
**Adjusting Journal Entries**

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Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
1	Adjusting	12/31/17					
		453	Capital contribution	16,065.00			
		372.1	Working capital - income		16,065.00		
						(16,065.00)	
			TO RECLASS CAPITAL CONTRIBUTION INCOME				
2	Adjusting	12/31/17					
		126	Florida community bank - reserve	1,148.75			
		127	New york bank - reserves	3,122.55			
		131	Trustco Bank CD	1,823.21			
		109	Florida community - oper MM	96.51			
		430	Interest income		393.34		
		132	Centerstate CD 6/2018	296.83			
		264	Reserve pooled - interest		6,094.51		
						393.34	
			TO RECORD UNRECORDED INTEREST				
3	Adjusting	12/31/17					
		594	Termite bond and interest		696.30		
		119	Prepaid expense - termite	696.30			
						696.30	
			TO CORRECT TERMITE AMORTIZATION - S/B 9 YEARS, NOT 5 PER AGREEMENT				
			TOTAL	<u>23,249.15</u>	<u>23,249.15</u>	<u>(14,975.36)</u>	