

**The Lakes at Parkland Homeowners Association, Inc.**

**FINANCIAL STATEMENTS AS OF DECEMBER 31, 2004 AND 2003**

(See Accountant's Compilation Report)

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## Accountant's Compilation Report

### **To the Board of Directors of The Lakes at Parkland Homeowners Association, Inc.:**

I have compiled the accompanying statements of assets, liabilities and fund balances of The Lakes at Parkland Homeowners Association, Inc., as of December 31, 2004 and 2003 and the related statements of assessments, revenues and expenditures, changes in fund balances and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurances on them.

The accompanying supplemental information on future major repairs and replacements is not a required part of the basic financial statements, but is supplementary information required by the American Institute of Certified Public Accountants. I have compiled these estimates from information that is the representation of management, without audit or review. Accordingly, I do not express an opinion or any other form of assurance on this supplemental information.



March 13, 2005

**The Lakes at Parkland Homeowners Association, Inc.**  
**Assets, Liabilities and Fund Balances**  
**December 31, 2004**  
(With Comparative Totals As Of December 31, 2003)

	<b>2004</b>			<b>2003</b>
	Operating Fund	Replacement Fund	Total	Total
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 50,668	\$ 37,936	\$ 88,604	\$ 50,004
Receivables From Homeowners Member Assessment and Other	5,312	-	5,312	2,470
<b>TOTAL ASSETS</b>	<b><u>\$ 55,980</u></b>	<b><u>\$ 37,936</u></b>	<b><u>\$ 93,916</u></b>	<b><u>\$ 52,474</u></b>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Refundable Construction Deposit	500	-	500	500
Prepaid Homeowner Assessments	13,128	-	13,128	14,304
<b>TOTAL LIABILITIES</b>	<b><u>13,628</u></b>	<b><u>-</u></b>	<b><u>13,628</u></b>	<b><u>14,804</u></b>
<b><u>FUND BALANCES</u></b>	<b><u>42,352</u></b>	<b><u>37,936</u></b>	<b><u>80,288</u></b>	<b><u>37,670</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 55,980</u></b>	<b><u>\$ 37,936</u></b>	<b><u>\$ 93,916</u></b>	<b><u>\$ 52,474</u></b>

The Accompanying Accountant's Compilation Report And Notes Are An Integral Part Of These Financial Statements.

**The Lakes at Parkland Homeowners Association, Inc.**  
**Statements of Assessments, Revenues and Expenditures and**  
**Changes in Fund Balances**  
**For the Year Ended December 31, 2004**  
**(With Comparative Totals For 2003)**

	<b>2004</b>			<b>2003</b>
	Operating Fund	Replacement Fund	Total	Total
<b><u>ASSESSMENTS AND REVENUE</u></b>				
Homeowner Assessments	\$ 159,610	\$ 14,400	\$ 174,010	\$ 174,000
Special Assessment	40,120	-	40,120	-
Other Income	4,107	-	4,107	2,831
Interest	-	23	23	238
<b>TOTAL</b>	<b>203,837</b>	<b>14,423</b>	<b>218,260</b>	<b>177,069</b>
<b><u>EXPENDITURES</u></b>				
Master Association Fees	7,532	-	7,532	7,532
Contract Services	113,348	-	113,348	104,971
Utilities	17,122	-	17,122	12,764
Maintenance	4,362	-	4,362	5,548
Pool and Spa	5,140	-	5,140	7,787
Management Fees	11,136	-	11,136	10,883
Replacement	-	5,000	5,000	6,745
Liability Insurance	5,143	-	5,143	4,597
General and Administrative	3,637	-	3,637	6,604
<b>TOTAL</b>	<b>167,420</b>	<b>5,000</b>	<b>172,420</b>	<b>167,431</b>
<b>EXCESS OF FUND</b>				
<b>ASSESSMENTS AND REVENUES</b>				
<b>OVER EXPENDITURES</b>	36,417	9,423	45,840	9,638
<b>PRIOR YEAR ADJUSTMENTS</b>	(3,222)	-	(3,222)	-
<b>FUND BALANCES,</b>				
<b>BEGINNING OF YEAR</b>	9,157	28,513	37,670	28,032
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 42,352</b>	<b>\$ 37,936</b>	<b>\$ 80,288</b>	<b>\$ 37,670</b>

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**The Lakes At Parkland Homeowners Association, Inc.**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2004**

	<b>2004</b>		
	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Total</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Maintenance Assessments	\$ 155,592	\$ 14,400	\$ 169,992
Special Assessment	40,120	-	40,120
Interest	-	23	23
Other Revenues	4,107	-	4,107
Cash Paid For Operating and Other Expenditures	(167,420)	-	(167,420)
Replacement/Major Repairs Paid	-	(5,000)	(5,000)
Net Cash Provided By Operating Activities	<u>32,399</u>	<u>9,423</u>	<u>41,822</u>
INCREASE IN CASH	32,399	9,423	41,822
PRIOR YEAR ADJUSTMENTS	(3,222)	-	(3,222)
CASH, BEGINNING OF YEAR	<u>21,491</u>	<u>28,513</u>	<u>50,004</u>
CASH, END OF YEAR	<u>\$ 50,668</u>	<u>\$ 37,936</u>	<u>\$ 88,604</u>

The Accompanying Accountant's Compilation Report and Notes Are An Integral Part Of These Financial Statements.

**The Lakes at Parkland Homeowners Association, Inc.**  
**Notes To Financial Statements**  
**December 31, 2004 and 2003**  
**(See Accountant's Compilation Report)**

NOTE 1 – ORGANIZATION

The Lakes at Parkland Homeowners Association, Inc. is a statutory association organized under the laws of the State of Florida as a not-for-profit corporation for the purpose of maintaining and preserving common property located in Parkland, Florida.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lakes at Parkland uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Expenditures for the operating fund are generally at the discretion of the Board of Directors and the management company. Expenditures from the replacement fund generally may be only for designated purposes.

The Board's policy is to allocate to the replacement fund certain interest earned on cash accounts. The By-Laws of the Corporation require that The Lakes at Parkland maintain adequate fidelity bond, and directors and officers insurance.

NOTE 3 – HOMEOWNER ASSESSMENT

Based upon a budget established by the Board of Directors and the management company, and approved by the homeowners, assessments are levied annually against the homeowners for their proportionate share of the common expenditures. The Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

NOTE 4 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association requires that a general fund be accumulated for future major repairs and replacements. Accumulated funds are generally held in separate cash accounts or cash equivalents and are generally not available for general operations.

The Board of Directors and the management company updates annually a study to estimate the remaining useful lives and the replacement costs of the components of common property. The estimates are obtained from licensed and insured contractors who inspect the property.

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**Notes To Financial Statements**  
**December 31, 2004 and 2003**  
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NOTE 4 – CONTINUED

The Board is funding for certain general major repairs and replacements over the remaining useful lives of the components based on the study's estimate of current replacement costs and considering amounts previously accumulated in the replacement fund. Accordingly, the general funding requirement of \$15,600 has been included in the 2005 budget.

Funds are being accumulated in the replacement fund based on estimates for future needs for repairs and replacements of common property components. 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 unit owner approval, to increase regular assessments, pass special assessments, or delay major repairs or replacements until funds are available.

NOTE 5 – INCOME TAXES

Condominium and residential real estate management associations may elect annually to be treated as a tax-exempt organization under Section 528 of the Internal Revenue Code. Tax-exempt status protects an association, such as The Lakes at Parkland, from taxation on its "Exempt Function Income", such as membership assessments. Non-exempt income, such as interest, is taxed at regular corporate rates. There are no income taxes due for 2004.

**The Lakes at Parkland Homeowners Association Inc.**  
**Supplementary Information on Future Major Repairs and**  
**Replacements**  
**December 31, 2004**  
**(See Accountant's Compilation Report)**

The Board of Directors and the management company update annually a study to estimate the remaining useful lives and the replacement costs of the components of the common property. The estimates were obtained from licensed contractors who have inspected the property or historical information.

The following table is based on the study and presents significant information about the components of common property:

Components	Estimated Remaining Useful Lives (Years)	Estimated Current Replacement Costs	2005 Funding Requirement	Components of Fund Balance at December 31, 2004
General	-	\$ 53,536	\$ 15,600	\$ 37,936
<b>TOTAL</b>		<u>\$ 53,536</u>	<u>\$ 15,600</u>	<u>\$ 37,936</u>