

**VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2013**

**FELDMAN, FELDMAN & ASSOCIATES, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors and Members  
VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.

We have compiled the accompanying balance sheet of Victoria Square Condominium Association, Inc. as of December 31, 2013, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedule are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property on Page 7 be presented to supplement the basic financial statements. Such information, 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. We have not audited, reviewed, or compiled the required supplementary information, and, accordingly, we do not express an opinion or provide any assurance on it.

*Feldman, Feldman & Associates, P.A.*

Feldman, Feldman & Associates, P.A.

April 18, 2014

**VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2013**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash	\$ 29,534	\$ 79,877	\$ 109,411
Member Assessments Receivable, net of \$12,422 allowance for doubtful accounts	3,924	-	3,924
Prepaid Expenses	8,556	-	8,556
Utility Deposits	80	-	80
<b>TOTAL ASSETS</b>	<u><u>\$ 42,094</u></u>	<u><u>\$ 79,877</u></u>	<u><u>\$ 121,971</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Prepaid Maintenance	\$ 6,628	-	\$ 6,628
Security Deposit	500	-	500
<b>TOTAL LIABILITIES</b>	<u>7,128</u>	<u>-</u>	<u>7,128</u>
Fund Balance	34,966	79,877	114,843
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 42,094</u></u>	<u><u>\$ 79,877</u></u>	<u><u>\$ 121,971</u></u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT.

**VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
REVENUES			
Maintenance Assessments	\$ 137,551	\$ 26,419	\$ 163,970
Interest Income	7	396	403
Other Income	463	-	463
	<u>138,021</u>	<u>26,815</u>	<u>164,836</u>
EXPENSES			
Administrative	1,586	-	1,586
Electricity	1,569	-	1,569
Exterminating	1,760	-	1,760
Irrigation	350	-	350
Insurance	28,313	-	28,313
Janitorial	2,820	-	2,820
Lawn Maintenance	16,290	-	16,290
Management Fees	6,069	-	6,069
Professional Fees	2,190	-	2,190
Repairs and Maintenance	17,185	-	17,185
Refuse	15,668	-	15,668
Water & Sewer	39,620	-	39,620
	<u>133,420</u>	<u>-</u>	<u>133,420</u>
EXCESS OF REVENUES OVER EXPENSES	4,601	26,815	31,416
BEGINNING FUND BALANCE	30,365	53,062	83,427
ENDING FUND BALANCE	<u>\$ 34,966</u>	<u>\$ 79,877</u>	<u>\$ 114,843</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT.

**VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Member Assessments	\$ 147,322	\$ 26,419	\$ 173,741
Interest Received	7	396	403
Other Income	463	-	463
Cash Paid for Operating Expenditures	<u>(136,438)</u>	<u>-</u>	<u>(136,438)</u>
Net Cash Provided (Used) by Operating Activities	11,354	26,815	38,169
CASH AT BEGINNING OF YEAR	18,180	53,062	71,242
CASH AT END OF YEAR	<u>\$ 29,534</u>	<u>\$ 79,877</u>	<u>\$ 109,411</u>

Reconciliation of excess of revenues  
over expenses to net cash provided  
(used) by operating activities:

Excess of revenues over expenses	\$ 4,601	\$ 26,815	\$ 31,416
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Adjustments to reconcile excess of  
revenues over expenses to net cash  
provided (used) by operating activities:

Decrease in Maintenance Fees Receivable	4,453	-	4,453
Increase in Prepaid Expenses	(2,518)	-	(2,518)
Increase in Prepaid Maintenance Fees	5,318	-	5,318
Decrease in Security Deposits	(500)	-	(500)
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,354</u>	<u>\$ 26,815</u>	<u>\$ 38,169</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT.

VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION

Victoria Square Condominium Association, Inc. is a statutory condominium association incorporated in the State of Florida on September 15, 1980. The Association is responsible for the operation and maintenance of the common property of Victoria Square Condominium Association, Inc.. The condominium consists of 44 residential units.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure through the report date, which is the date the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FUND ACCOUNTING

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in the following funds established according to their nature and purpose:

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 major repairs and replacements.

MEMBER ASSESSMENTS

Association members are subject to quarterly assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

CASH AND CASH EQUIVALENTS

The Association considers all highly liquid investments, including certificates of deposit, to be cash equivalents.

VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS

INCOME TAXES

The Association filed its income tax return as homeowners' associations in accordance with Internal Revenue Code Section 528 for the current year. Under that Section, the Association is not taxed on uniform assessments to members and other income received from association members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its nonexempt function income, which includes interest income and revenue received from nonmembers.

Management does not believe that the Association has any significant uncertain tax positions that would be material to the financial statements. The Association's tax returns for tax years 2011 - 2013 are subject to examination by the Internal Revenue Service, generally for a period of three years after they were filed.

PROPERTY AND EQUIPMENT

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners in common and not by the Association.

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. Actual results could differ from those estimates.

NOTE 4 - COMMITMENTS

The Association has contracted with several 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 5 - ALLOWANCE FOR DOUBTFUL ACCOUNTS

It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS

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.

The Association has taken title to one unit that was very delinquent in paying their assessments. The Association has not recorded the unit as an asset because, it believes that the bank that is holding the mortgage on this property will take control of it in the near future.

NOTE 7 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds of \$79,877 at December 31, 2013, are held in separate accounts and are generally not available for operating purposes.

During 2013, the Association's board of directors estimated the remaining useful lives and the replacement costs of the common property components. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs. If additional funds are needed, however, the Association has the right, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available.

The replacement fund designated for future major repairs and replacements has been allocated by the board of directors to the components of common property as follows:

	BALANCE 1/1/2013	MEMBER ASSESSMENTS	INTEREST INCOME	MAJOR REPAIRS/ REPLACEMENTS	BALANCE 12/31/2013
ROOF	\$ 30,000	\$ 15,469	\$ -	\$ -	\$ 45,469
PAINTING	11,334	6,167	-	-	17,501
PAVING	11,466	4,783	-	-	16,249
INTEREST	262	-	396	-	658
	<u>\$ 53,062</u>	<u>\$ 26,419</u>	<u>\$ 396</u>	<u>\$ -</u>	<u>\$ 79,877</u>



## **SUPPLEMENTARY INFORMATION**

VICTORIA SQUARE CONDOMINIUM ASSOCIATION, INC.  
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS  
 AND REPLACEMENTS (UNAUDITED)  
 DECEMBER 31, 2013

During 2013, the Association's board of directors estimated the remaining useful lives and the replacement costs of the common property components. Replacement costs were based on the estimated costs to repair or replace the common property components at the date of the study. 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 information is based on the study and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Life</u>	<u>Estimated Current Replacement Cost</u>	<u>Required 2014 Budget</u>
ROOF	7	\$ 155,000	\$ 15,469
PAINTING	3	36,000	6,167
PAVING	3	30,600	4,783
		<u>\$ 221,600</u>	<u>\$ 26,419</u>

SEE ACCOUNTANTS' REPORT.