

# **Middlebrook Pines Condominium Association, Inc.**

Financial Statements and  
Supplementary Information

June 30, 2024

**Cole & Associates, LLC**

*Certified Public Accountants*

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# Cole & Associates, LLC

*Certified Public Accountants*

Dayo O. Apena, CPA  
DApena@ColeCPA.com

www.colecpa.com

407-351-4730  
Fax 407-654-1544

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of  
Middlebrook Pines Condominium Association, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Middlebrook Pines Condominium Association, Inc., which comprise the balance sheet as of June 30, 2024, and the related statements of revenues, expenses, and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middlebrook Pines Condominium Association, Inc. as of June 30, 2024, 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.

### ***Basis for Opinion***

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

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Middlebrook Pines Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Middlebrook Pines Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Supplementary Information on Future Repairs and Replacements on page 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Disclaimer of Opinion on Supplementary Information***

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Comparison Statements of Operating Fund Revenues and Expenditures on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of the Association's management and has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Cole & Associates, CPA, LLC  
Certified Public Accountants  
November 21, 2024

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**BALANCE SHEET**

**JUNE 30, 2024**

	Operating Fund	Replacement Fund	Total
<b>ASSETS:</b>			
Cash	\$ 89,620	\$ 226,448	\$ 316,068
Assessments receivable (Note 3)	20,257	-	20,257
Prepaid expenses	49,497	-	49,497
Investments (Note 7)	-	521,335	521,335
Due from operating fund	-	21,643	21,643
Due to replacement fund	(21,643)	-	(21,643)
Other assets	17,593	-	17,593
<b>TOTAL ASSETS</b>	<b>\$ 155,324</b>	<b>\$ 769,426</b>	<b>\$ 924,750</b>
 <b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 58,719	\$ -	\$ 58,719
Prepaid assessments	63,982	-	63,982
Contract liabilities (Assessments received in advance - Replacement: Note 2)	-	860,700	860,700
Special assessment fund (Note 5)	89,486	-	89,486
Notes payable (Note 6)	953,832	-	953,832
<b>TOTAL LIABILITIES</b>	1,166,019	860,700	2,026,719
Unrealized Gain (Loss) on Investments	-	(91,274)	(91,274)
<b>FUND BALANCE</b> (Replacement: Note 2)	(1,010,695)	-	(1,010,695)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 155,324</b>	<b>\$ 769,426</b>	<b>\$ 924,750</b>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**

**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>REVENUE:</b>			
Assessment income	\$ 1,131,596	\$ 449,588	\$ 1,581,184
Contractual collections/liability adjustment	11,600	(34,923)	(23,323)
Amortized bond premium paid	-	(1,266)	(1,266)
Gain (loss) on sales of assets	-	(3,794)	(3,794)
Cable TV income	905	-	905
Interest income	610	34,923	35,533
Other income	7,032	-	7,032
<b>TOTAL REVENUE</b>	<u>\$ 1,151,743</u>	<u>\$ 444,528</u>	<u>\$ 1,596,271</u>
<b>EXPENDITURES:</b>			
Accounting & legal	\$ 28,618	\$ -	\$ 28,618
Building repairs & maintenance	33,263	-	33,263
Clubhouse maintenance	155	-	155
Contracts grounds maintenance	153,120	-	153,120
Insurance	313,178	-	313,178
Interest expense	68,712	-	68,712
Irrigation repairs	19,037	-	19,037
Janitorial	4,571	-	4,571
Licenses, permits, & taxes	1,772	-	1,772
Management fees	59,776	-	59,776
Office & other expenses	8,964	-	8,964
Other grounds maintenance	116,554	-	116,554
Other pool maintenance	7,412	-	7,412
Pest control	39,995	-	39,995
Pool maintenance	5,260	-	5,260
Recreation repairs & maintenance	109	-	109
Storm expenses	38,250	-	38,250
Trash removal	81,008	-	81,008
Utilities	38,765	-	38,765
Reserves expenditures		444,528	444,528
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,018,519</u>	<u>\$ 444,528</u>	<u>\$ 1,463,047</u>
<b>REVENUE IN EXCESS OF EXPENDITURES</b>	133,224	-	133,224
<b>BEGINNING FUND BALANCE</b>	<u>(1,143,919)</u>	<u>-</u>	<u>(1,143,919)</u>
<b>ENDING FUND BALANCE</b>	<u>\$ (1,010,695)</u>	<u>\$ -</u>	<u>\$ (1,010,695)</u>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Operating Fund	Replacement Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Assessment fees collected	\$ 1,172,413	\$ 426,801
Special assessment	89,486	-
Amortized bond premium paid	-	(1,266)
Cable TV income	905	-
Interest received	610	34,923
Other income	7,032	-
Cash paid for operating expenses	(1,060,924)	-
Replacement expenses paid	-	(444,528)
Net cash provided (used) by operating activities:	209,522	15,930
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase/sale of investments	-	100,752
Gain (Loss) on investments	-	(3,794)
Net cash provided (used) by investing activities:	-	96,958
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on debt	(230,775)	-
Net cash provided (used) by financing activities:	(230,775)	-
<b>NET CHANGE IN CASH</b>	<b>(21,253)</b>	<b>112,888</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>110,873</b>	<b>113,560</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 89,620</b>	<b>\$ 226,448</b>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Operating Fund	Replacement Fund
<b>RECONCILIATION OF NET REVENUES OVER EXPENDITURES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Excess of revenues over expenditures	\$ 133,224	\$ -
Adjustment to reconcile net revenues over expenditures to net cash provided by operating activities:		
Contractual collections adjustment	(11,600)	-
(Increase) decrease in:		
Assessments receivable	13,562	-
Prepaid expenses	(10,484)	-
Due from operating fund	-	(26,755)
Due to reserve fund	26,755	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(43,521)	-
Prepaid assessments	12,100	-
Contract liabilities	-	38,891
Special assessment fund	89,486	-
Net cash provided (used) by operating activities:	209,522	12,136
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase/sale of investments	-	100,752
Net cash provided (used) by investing activities:	-	100,752
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on debt	(230,775)	-
Net cash provided (used) by financing activities:	(230,775)	-
<b>NET CHANGE IN CASH</b>	(21,253)	112,888
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	110,873	113,560
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	\$ 89,620	\$ 226,448
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 68,712	

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Middlebrook Pines Condominium Association, Inc. (the "Association") is incorporated in the State of Florida. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 344 residential units located in Orange County, Florida. The Association is governed by a Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions, by-laws, and rules and regulations.

Financial Statements

The accompanying financial statements were prepared pursuant to the requirements of Florida Statutes and the American Institute of Certified Public Accountants.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenditures.

The Operating Fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations. Expenditures from this fund are limited to those connected with daily operations.

The Replacement Fund is composed of capital assessments paid by unit owners to fund future replacements and major repairs. Expenditures from this fund are typically restricted to those items for which assessments were specifically collected. Interest earned on replacement funds remains in the Replacement Fund and may only be expended for components previously funded.

Revenue Recognition

Regular assessments to members are recognized as revenue during the period for which they are assessed. Assessments received in advance of this period are reported as prepaid assessments on the balance sheet.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract Liabilities (Assessments received in advance – Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to the major repairs and replacement fund. The balances of contract liabilities as of the beginning and end of the year ended 2024 are \$821,809 and \$860,700, respectively.

Real and Common Area Property

The Association capitalizes all property and equipment to which it holds title or has other evidence of ownership. Real and common area property acquired from the developer is not capitalized in the Association's financial statements, as it is owned by the individual unit owners in common and not by the Association. As a result, improvements made to the real property and common areas are expensed as incurred.

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 expenditures during the reporting period. Actual results could differ from those estimates.

Concentrations of Risk

The Association maintains cash balances at several banks. Deposits at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2024, the uninsured portion of cash balances is \$34,336.

The Association has obtained insurance coverage for damages covered by windstorm. The Association would be responsible for losses up to the amount of the deductible and has the right to increase regular assessments, levy a special assessment or delay repairs until adequate funds are available.

Commitments and Contingency

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were issued.

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, as well as Florida Statutes, require funds to be accumulated for future major repairs and replacements. The funds are segregated and are not generally available for expenditures for normal operations.

Florida statutes require disclosure of the amount of annual funding required to fully fund each reserve account over the remaining useful life of the applicable assets. This calculation is presented in the Supplementary Information on Future Repairs and Replacements based upon estimates of replacement values and remaining lives as discussed below. We have not applied procedures to determine whether the funds designated for future major repairs and replacements are adequate to meet such future costs because that determination is outside the scope of our engagement.

In the fall of 2024, the Association estimated the remaining useful lives and current replacement costs of common property components. Estimates were based on professional judgment, which may include contractor estimates for major components. The Association is funding for major repairs and replacements over the remaining useful lives, and 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.

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS (Continued)

The following table presents significant information about the components of common property:

COMPONENT	BEGINNING BALANCE	FUNDING DURING YEAR	INTEREST & OTHER INCOME	CHARGES TO FUND	BALANCE 06/30/2024
Pooled	\$ 821,809	\$ 453,556	\$ 29,863	\$ 444,528	\$ 860,700
<b>TOTAL</b>	<b>\$ 821,809</b>	<b>\$ 453,556</b>	<b>\$ 29,863</b>	<b>\$ 444,528</b>	<b>\$ 860,700</b>
				Contract liability portion	860,700
				Equity portion	-
					<u>\$ 860,700</u>

NOTE 3: MEMBER ASSESSMENTS

Association members are subject to assessments to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Association expenses are allocated on a pro-rata basis per unit (1/344). Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date represent fees due from unit owners. It is the Association's policy to retain legal counsel and place liens on the property of delinquent homeowners. Assessments that have been deemed to be uncollectible as of the report date have been charged to contractual collections adjustments. The allowance for uncollectible accounts is \$2,000 on June 30, 2024. The balances of assessments receivable as of the beginning and the end of the year are \$35,819 and \$22,257, respectively.

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 4: INCOME TAXES**

Associations may be taxed as homeowners' associations under Internal Revenue Code (IRC) 528 or as regular corporations under IRC 277. In 2024, the Association elected to be taxed as a homeowners' association. Under that election, the Association is taxed on its nonexempt function income, such as interest earnings, net of directly related expenses, at a rate of 30%. Income tax expense was \$0 for the year then ended.

The Association follows FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, which provides guidance on accounting for uncertainty in income taxes recognized in the Association's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. As of June 30, 2024, the Association had no uncertain tax positions that require either recognition or disclosure in the Association's financial statements. Generally, the Association's tax returns remain open for three years for federal income tax examination.

**NOTE 5: SPECIAL ASSESSMENT**

In May 2024, the board levied a special assessment in the amount of \$935 per unit, totaling \$321,640, to replace the old fences. The special assessment will be payable in five (5) monthly installments of \$187.00 with the first installment due on July 2024. As of June 30, 2024, the Association has collected \$89,486.00 as prepaid funds from owners.

**NOTE 6: NOTES PAYABLE**

In 2019, the Association entered into a loan agreement with Truist Bank to finance a shingle replacement project. The principal balance of the loan, \$2,150,000 is payable in monthly installments of \$23,805.68 over 113 months. The interest rate is fixed at 5.00% for the term of the loan. The loan is collateralized by the assignment of regular assessments and lien rights. Maturities of long-term debt for each of the remaining years following June 30, 2024, are as follows:

Years Ended	Outstanding
June 30	Debt
2025	\$ 246,573
2026	256,122
2027	269,225
2028	181,912
	<u>\$ 953,832</u>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 7: RESERVE FUND – INVESTMENTS**

The Association has a portion of the reserve funds invested in debt and equity securities which are reported at fair market value with unrealized gains and losses reported as accumulated other comprehensive income. As of June 30, 2024, the fund investment account has an unrealized loss of \$91,274 and consists of the following:

	Cost	Unrealized Gain/(Loss)	Market Value
Municipal Bonds	\$ 412,820	\$ (89,424)	\$ 323,396
CDs	\$ 199,789	(1,850)	197,939
Total	<u>\$ 612,609</u>	<u>\$ (91,274)</u>	<u>\$ 521,335</u>

**NOTE 8: LITIGATION**

The Association is currently involved in litigation related to a slip and fall incident. A claim has been filed with the Association insurance carrier, who has assigned legal counsel. The litigation is ongoing, and any potential gain or loss is unknown at this time.

**NOTE 9: PRIOR PERIOD ADJUSTMENTS**

The financial statements for the year ended June 30, 2023 have been restated to reflect the change in budgeted and actual reserve funding based on the verified budget for the fiscal year. The effect of this restatement on the fund balance at July 1, 2023 was to increase the fund balance from \$(1,229,819) to \$(1,143,919). The effect on the reserve fund balance at July 1, 2023 was to decrease the fund balance from \$907,709 to \$821,809.

	As previously Stated	As Restated	Effect of Correction
Balance Sheet at June 30, 2023			
Due from operating fund	80,788	(5,112)	(85,900)
Due to replacement fund	(80,788)	5,112	85,900
Contract liabilities (Replacement Fund)	907,709	821,809	(85,900)
Fund Balance	(1,229,819)	(1,143,919)	85,900

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 9: PRIOR PERIOD ADJUSTMENTS (continued)

	As previously Stated	As Restated	Effect of Correction
Statement of Revenue, Expenses and Changes in Fund Balances at June 30, 2023			
Assessment income	925,196	1,011,096	85,900
Statement of Cash Flows for the Year ended June 30, 2023			
Assessment fees collected (Operating Fund)	1,017,381	1,103,281	85,900
Assessment fees collected (Replacement Fund)	370,420	284,520	(85,900)
Statement of Cash Flows for the Year ended June 30, 2023			
(Increase) decrease in:			
Due from operating fund	(83,136)	2,764	85,900
Due to reserve fund	83,136	(2,764)	(85,900)

## **SUPPLEMENTARY INFORMATION**

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS  
(UNAUDITED)**

**JUNE 30, 2024**

In May 2024, the Association had a reserve study performed to estimate the remaining useful lives and current replacement costs of common property components. Estimates were based upon professional judgment, which may include contractor estimates for major components. Florida statutes require disclosure of the amount of the annual funding required to fully fund each reserve account over the remaining useful life of the applicable asset.

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

COMPONENT	ESTIMATED REMAINING USEFUL LIFE (YEARS)	ESTIMATED CURRENT REPLACEMENT COST	REPAIRS / REPLACEMENTS 2024	2025 STATUTORY FUNDING REQUIRED
Pooled	-	\$ -	\$ 860,700	\$ 612,689
Roofs	4 - 30	7,486,510	-	-
Painting	1 - 8	284,165	-	-
Paving	1 - 28	740,150	-	-
Misc. building components	1 - 29	1,304,264	-	-
Swimming pool facility	1 - 28	88,265	-	-
Courts	4 - 8	35,265	-	-
Clubhouse	1 - 10	20,898	-	-
Misc. site improvements	1 - 15	134,792	-	-
		<u>\$ 10,094,309</u>	<u>\$ 860,700</u>	<u>\$ 612,689</u>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES AND EXPENSES  
ACTUAL TO BUDGET (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2024**

	Actual	Budget	Variance
<b>REVENUE:</b>			
Assessment income	\$ 1,585,152	\$ 1,584,455	\$ 697
Contractual collections adjustment	11,600	-	11,600
Cable TV income	905	1,000	(95)
Interest income	610	1,000	(390)
Other income	7,032	9,800	(2,768)
<b>TOTAL REVENUE</b>	<b>\$ 1,605,299</b>	<b>\$ 1,596,255</b>	<b>\$ 9,044</b>
<b>EXPENDITURES:</b>			
Accounting & legal	28,618	12,050	16,568
Building repairs & maintenance	33,263	37,300	(4,037)
Clubhouse maintenance	155	-	155
Contracts grounds maintenance	153,120	152,670	450
Insurance	313,178	304,966	8,212
Interest expense	68,712	293,002	(224,290)
Irrigation repairs	19,037	25,600	(6,563)
Janitorial	4,571	4,500	71
Licenses, permits, & taxes	1,772	1,811	(39)
Management fees	59,776	59,540	236
Office & other expenses	8,964	10,450	(1,486)
Other grounds maintenance	116,554	148,350	(31,796)
Other pool maintenance	7,412	1,500	5,912
Pest control	39,995	36,300	3,695
Pool maintenance	5,260	5,160	100
Recreation repairs & maintenance	109	1,000	(891)
Storm expenses	38,250	-	38,250
Trash removal	81,008	76,100	4,908
Utilities	38,765	23,900	14,865
Reserve funding	453,556	453,556	-
<b>TOTAL EXPENDITURES</b>	<b>1,472,075</b>	<b>1,647,755</b>	<b>(175,680)</b>
<b>REVENUE IN EXCESS OF EXPENDITURES</b>	<b>\$ 133,224</b>	<b>\$ (51,500)</b>	<b>\$ 184,724</b>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

**SUPPLEMENTARY INFORMATION - STATEMENT OF REVENUES AND EXPENSES  
ACTUAL TO PRIOR YEAR (UNAUDITED)**

**FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	Variance
<b>REVENUE:</b>			
Assessment income	\$ 1,585,152	\$ 1,378,752	\$ 206,400
Contractual collections adjustment	11,600	-	11,600
Cable TV income	905	1,092	(187)
Recovery of bad debt	-	6,744	(6,744)
Interest income	610	241	369
Other income	7,032	25,519	(18,487)
<b>TOTAL REVENUE</b>	<b>\$ 1,605,299</b>	<b>\$ 1,412,348</b>	<b>\$ 192,951</b>
<b>EXPENDITURES:</b>			
Accounting & legal	28,618	16,070	12,548
Building repairs & maintenance	33,263	32,371	892
Clubhouse maintenance	155	-	155
Contracts grounds maintenance	153,120	164,045	(10,925)
Insurance	313,178	212,116	101,062
Interest expense	68,712	73,441	(4,729)
Irrigation repairs	19,037	8,156	10,881
Janitorial	4,571	4,247	324
Licenses, permits, & taxes	1,772	2,468	(696)
Management fees	59,776	56,705	3,071
Office & other expenses	8,964	11,593	(2,629)
Other grounds maintenance	116,554	156,568	(40,014)
Other pool maintenance	7,412	1,732	5,680
Pest control	39,995	31,835	8,160
Pool maintenance	5,260	4,700	560
Recreation repairs & maintenance	109	355	(246)
Storm expenses	38,250	-	38,250
Trash removal	81,008	88,498	(7,490)
Utilities	38,765	20,335	18,430
Reserve funding	453,556	367,656	85,900
<b>TOTAL EXPENDITURES</b>	<b>1,472,075</b>	<b>1,252,891</b>	<b>219,184</b>
<b>REVENUE IN EXCESS OF EXPENDITURES</b>	<b>\$ 133,224</b>	<b>\$ 159,457</b>	<b>\$ (26,233)</b>

**MIDDLEBROOK PINES CONDOMINIUM ASSOCIATION, INC.**

Client's Post Closing AJEs for entry to after July 2024

7/1/2024

JE No.	Client Acct.	WP REF	Description	- Dr -	- Cr -	P/L Effect	Rsv FB Effect
AJE01	20505-000 30030-000 30035-000		Pooled Fund Balance Unrealized Gain (Loss)	43,648	23,150 20,498	23,150	(23,150)
		<u>A-4</u>	<i>To adjust investment income to calculated amounts</i>				
AJE02	12200-000 30030-000		Allowance/ Dbful Account Fund Balance	11,600	11,600	11,600	
		<u>B-2</u>	<i>To adjust bad debt allowance</i>				
AJE03	60180-000		Insurance Expense Fund Balance	28,739	28,739	28,739	
		<u>D-1</u>	<i>To adjust prepaid insurance</i>				
AJE04	30030-000 62990-000 65010-000 68110-000 65170-000 65110-000 65100-000 60110-000		Fund Balance Trash Electric Entranceway Electric Contractor Labor Irrigation Water Irrigation Repair Audit	33,138	7,245 27 471 12,060 3,028 3,007 7,300	(33,138)	
		<u>I-2</u>	<i>To accrue year end expenses</i>				
AJE05	30030-000		Fund Balance Pooled	19,294	19,294	(19,294)	19,294
		<u>M-1</u>	<i>To adjust fund balance</i>				
AJE06	20012-100 30030-000		BBT&T Business Loan Fund Balance	230,775	230,775	230,775	
		<u>K-1</u>	<i>To adjust fund balance</i>				
AJE07	18010-000 30030-300		Utility Deposit Fund Balance	1,015	1,015	1,015	
		<u>D-3</u>	<i>To reclass Utility deposit</i>				
AJE07	20505-000 30030-000		Pooled reserves Fund balance	85,900	85,900	85,900	(85,900)
		<u>M-1</u>	<i>To adjust reserve funding to budget</i>				
				454,109	454,109	328,747	(89,756)

**Fund Balance Reconciliation:**

	Operating	Replacement
Fund Balance per client	(1,339,442)	859,182
Adjustments	328,747	(89,756)
Rounding		
Fund Balance / Contract Liabilities per report	(1,010,695)	769,426

Discussed with Client:

\_\_\_\_\_

Position

\_\_\_\_\_

Date

Approved by:

\_\_\_\_\_

# Cole & Associates, LLC

*Certified Public Accountants*

Dayo O. Apena, CPA  
DApena@ColeCPA.com

www.colecpa.com

407-351-4730  
Fax 407-654-1544

Middlebrook Pines Condominium Association, Inc.  
To the Board of Directors:

In conjunction with the audit of the financial statements of the Association for the year ended June 30, 2024, we noted items for improving the efficiency and effectiveness of the control system and accounting environment. None of the items below are considered material reportable conditions, but are areas for improvement:

#### Fraud Risks:

Based on the current financial and regulatory environment, the AICPA and Statement on Auditing Standards No. 99 reiterate management's responsibility for the detection and prevention of fraud. Management should perform an analysis of fraud risks, document safeguards against those risks and address any deficiencies.

#### Stale checks

A long outstanding check was found on a bank reconciliation. Per Florida Statutes 717, outstanding checks over six months from the date of issue are considered to be "expired" or stale-dated and are required to be submitted to the Department of Financial Services as unclaimed property by May 1st of each year.

#### Cash and investments:

As of June 30, 2024, the Association had \$65,969 in funds uninsured with FDIC insurance. The Association should investigate alternative accounts, including CDAR programs offered by many institutions, to reduce the risk of loss of these funds.

#### Replacement Funds:

Expenditures from the Replacement fund should be approved and noted in the minutes of the Board of Directors' meetings, including the amount approved and the vendor selected.

#### Working Capital:

Due to unforeseen expenditures, which may be significant and deplete the Association's cash, we recommend that the Association continue to maintain working capital equal to 60 to 90 days of expenditures in the Operating Fund.

Sincerely,



Cole & Associates, CPA, LLC  
*Certified Public Accountants*  
November 21, 2024

# Cole & Associates, LLC

*Certified Public Accountants*

Dayo O. Apena, CPA  
DApena@ColeCPA.com

www.colecpa.com

407-351-4730  
Fax 407-654-1544

Middlebrook Pines Condominium Association, Inc.  
To the Board of Directors:

We have audited the financial statements of Middlebrook Pines Condominium Association, Inc. for the year ended June 30, 2024, and have issued our report thereon dated November 21, 2024. 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 engagement letter for the year ending 2024. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Middlebrook Pines Condominium Association, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. 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 and are based on your 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 most sensitive estimate affecting the financial statements was:

Your estimate of the allowance for doubtful accounts is based on historical defaults by homeowners and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Supplementary Information Accompanying the Audited Financial Statements*

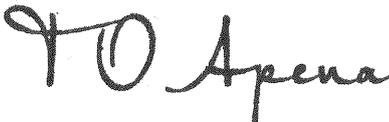
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Required Supplementary Information*

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

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

Sincerely,

A handwritten signature in black ink, appearing to read "T. O. Apena". The signature is written in a cursive style with a large, stylized initial "T".

Cole & Associates, CPA, LLC  
Certified Public Accountants  
November 21, 2024