

**Bermuda Greens Condominium Association, Inc.**

**Financial Statements and  
Supplementary Information**

**Year Ended  
December 31, 2019**

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### **Independent Auditor's Report**

To the Board of Directors  
Bermuda Greens Condominium Association, Inc.  
Naples, Florida

We have audited the accompanying balance sheet of Bermuda Greens Condominium Association, Inc. (the "Association") as of December 31, 2019, and were engaged to audit the related statements of revenues and expenses, 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 conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations or cash flows.

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

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our audit opinion on the balance sheet.

***Basis for Disclaimer of Opinion***

Because of the inadequacy of accounting records, we were unable to obtain sufficient appropriate audit evidence regarding the income statement expenses and beginning balance sheet balances. The Income statement expenses during the period of January through May 2019, materially affects the determination of the results of operations and cash flows for the year ended December 31, 2019.

***Disclaimer of Opinion on Results of Operations and Cash Flows***

Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations and cash flows for the year ended 2019. Accordingly, we do not express an opinion on the results of operations and cash flows for the year ended December 31, 2019.

***Opinion on the Balance Sheet***

In our opinion, the balance sheet referred to in the first paragraph, presents fairly, in all material respects, the financial position of the Association as of December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

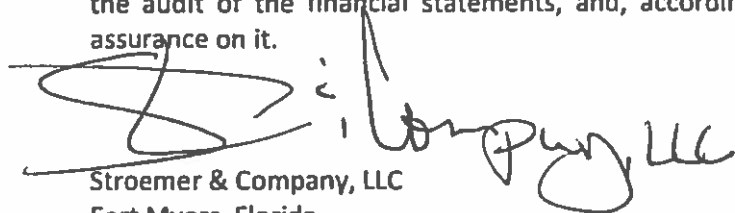
Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note E are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that the information about future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, 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 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 conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenues and expenses - operating fund, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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.

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC", is written over the printed name of the firm.

Stroemer & Company, LLC  
Fort Myers, Florida  
October 7, 2020

**Bermuda Greens Condominium Association, Inc.**  
**Balance Sheet**  
**December 31, 2019**

	Operating Fund	Replacement Fund	Total
<b>Assets</b>			
Cash, cash equivalents, and restricted cash	\$ 457,532	\$ 217,381	\$ 674,913
Certificates of deposit	-	378,271	378,271
Assessments receivable	207,188	-	207,188
Interfund receivable/(payable)	(167,265)	167,265	-
Prepaid insurance	183,050	-	183,050
<b>Total assets</b>	<b>\$ 680,505</b>	<b>\$ 762,917</b>	<b>\$ 1,443,422</b>
<b>Liabilities and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 4,921	\$ -	\$ 4,921
Prepaid assessments	369,610	-	369,610
Note Payable	836,223	-	836,223
Deposits	9,650	-	9,650
Deferred maintenance and capital expenditures	-	762,917	762,917
<b>Total liabilities</b>	<b>1,220,404</b>	<b>762,917</b>	<b>1,983,321</b>
<b>Fund balances</b>	<b>(539,899)</b>	<b>-</b>	<b>(539,899)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 680,505</b>	<b>\$ 762,917</b>	<b>\$ 1,443,422</b>

The accompanying notes are an integral part of this statement.

**Bermuda Greens Condominium Association, Inc.**  
**Statement of Revenues and Expenses**  
**Year Ended December 31, 2019**

	Operating Fund	Replacement Fund	Total
<b>Revenues</b>			
Assessments	\$ 1,151,372	\$ 125,430	\$ 1,276,802
Interest income	387	25,739	26,126
Late fees	2,132	-	2,132
Rental application fees	1,050	-	1,050
Sales application fees	900	-	900
Returned check charges	25	-	25
Total revenues	1,155,866	151,169	1,307,035
<b>Expenses</b>			
Utilities	379,467	-	379,467
Insurance	178,256	-	178,256
Landscaping	160,516	-	160,516
Reserves	-	151,169	151,169
Administrative expense	121,320	-	121,320
Buildings	85,186	-	85,186
Grounds	37,195	-	37,195
Pool	19,464	-	19,464
Total expenses	981,404	151,169	1,132,573
Excess of revenues over (under) expenses	\$ 174,462	\$ -	\$ 174,462

The accompanying notes are an integral part of this statement.

**Bermuda Greens Condominium Association, Inc.**  
**Statement of Changes in Fund Balances**  
**Year Ended December 31, 2019**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Balances, January 1, 2019, as originally reported	\$ (714,361)	\$ 738,367	\$ 24,006
Adjustment for the effects of ASU 2014-09	<u>-</u>	<u>(738,367)</u>	<u>(738,367)</u>
Balances, January 1, 2019, as adjusted	(714,361)	-	(714,361)
Excess of revenues over (under) expenses	<u>174,462</u>	<u>-</u>	<u>174,462</u>
<b>Balances, December 31, 2019</b>	<b><u>\$ (539,899)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (539,899)</u></b>

The accompanying notes are an integral part of this statement.



**Bermuda Greens Condominium Association, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2019**

	Operating Fund	Replacement Fund	Total
<b>Cash flows from operating activities:</b>			
Cash collected from members	\$ 1,104,326	\$ 149,980	\$ 1,254,306
Cash paid for expenditures	(901,206)	(151,169)	(1,052,375)
Interest income received	387	25,739	26,126
Rental application fees received	1,050	-	1,050
Interest paid	(37,600)	-	(37,600)
<b>Net cash provided by operating activities</b>	<b>166,957</b>	<b>24,550</b>	<b>191,507</b>
<b>Cash flows from investing activities:</b>			
Reinvested interest	-	(20,609)	(20,609)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>(20,609)</b>	<b>(20,609)</b>
<b>Cash flows from financing activities:</b>			
Principal payments on note payable	(316,941)	-	(316,941)
Interfund transfers	104,688	(104,688)	-
<b>Net cash used in financing activities</b>	<b>(212,253)</b>	<b>(104,688)</b>	<b>(316,941)</b>
<b>Net decrease in cash, cash equivalents, and restricted cash</b>	<b>(45,296)</b>	<b>(100,747)</b>	<b>(146,043)</b>
Cash, cash equivalents, and restricted cash at beginning of year	502,828	318,128	820,956
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$ 457,532</b>	<b>\$ 217,381</b>	<b>\$ 674,913</b>
<b>Cash, cash equivalents, and restricted cash consists of the following:</b>			
Cash and cash equivalents	\$ 447,882	\$ 217,381	\$ 665,263
Restricted cash	9,650	-	9,650
	<b>\$ 457,532</b>	<b>\$ 217,381</b>	<b>\$ 674,913</b>

The accompanying notes are an integral part of this statement.

**Bermuda Greens Condominium Association, Inc.**  
**Statement of Cash Flows (Continued)**  
**Year Ended December 31, 2019**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Reconciliation of excess of revenues over (under) expenses to net cash provided by operating activities</b>			
Excess of revenues over (under) expenses	\$ 174,462	\$ -	\$ 174,462
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
(Increase) decrease in assets:			
Assessments receivable	(202,681)	-	(202,681)
Prepaid insurance	(181,096)	-	(181,096)
Prepaid expenses	920	-	920
Increase (decrease) in liabilities:			
Accounts payable	198,224	-	198,224
Prepaid assessments	177,128	-	177,128
Deferred maintenance and capital expenditures	-	24,550	24,550
<b>Net cash provided by operating activities</b>	<b>\$ 166,957</b>	<b>\$ 24,550</b>	<b>\$ 191,507</b>

The accompanying notes are an integral part of this statement.

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies**

**1. Nature of organization**

Bermuda Greens Condominium Association, Inc. (the "Association") was incorporated on under Chapter 617 of the Florida Statutes as a corporation not for profit to administer the operation and management of the common property of Bermuda Greens, A Condominium. The Declaration of Condominium (the "Declaration") was recorded in the official records of Collier County County, Florida, on November 12, 1991 as a condominium pursuant to Chapter 718 of the Florida Statutes. The Association consists of 230 residential units, located in Naples, Florida.

**2. Fund accounting**

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.

The Association prepares its financial statements on the accrual basis of accounting in accordance with Topic 972 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), "Real Estate - Common Interest Realty Associations".

**3. Management estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Association to make estimates and assumptions that affect the reported amounts of assets, 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.

**4. Cash and cash equivalents**

For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**5. Restricted cash**

Any cash that is legally restricted from use is recorded in restricted cash. Cash and deposits are considered restricted when they are subject to contingent rights of third parties.

Amounts included in restricted cash represent cash received as security deposits from unit owners

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**Restricted cash (continued)**

for construction using heavy vehicles within the Association. The deposits are generally refundable once the related project is completed and any amounts are deducted for damages sustained to the Association's common areas.

**6. Assessments receivable**

Assessments receivable are carried at the original charge amount less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Assessments receivable are written off when deemed uncollectible. Recoveries of assessments receivable previously written off are recorded as income when received.

An assessment receivable is considered to be past due if any portion of the receivable balance is outstanding for more than one month. A late fee is charged on assessments receivable that are outstanding for more than one month and is recognized as income as it is charged.

As of December 31, 2019, management considers all assessments receivable to be fully collectible therefore no allowance for doubtful accounts is considered necessary.

**7. Fair value of financial instruments**

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

**8. Concentration of credit risk**

The Association maintains accounts at financial institutions in bank deposits which, at times, may exceed federally-insured limits. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

Concentration of credit risk with respect to the receivables relate to billings to unit owners who pay quarterly assessments and live within the Association. The Association does not anticipate credit losses in the near future.

**9. Property and equipment**

Common property of the Association is accounted for in accordance with ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant, and Equipment". It is the Association's responsibility to preserve and maintain the common property.

Real property is not recognized as assets.

Common real property to which the Association has title, or other evidence of ownership, that is not recognized as assets in the Association's balance sheet consists of buildings, a clubhouse, a pool, and roadways.

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**10. Prepaid assessments**

Prepaid assessments represent amounts paid to the Association before the assessments were due.

**11. Revenue recognition**

The following is a description of principal activities from which the Association generates its revenue and their respective treatment under ASC 606.

Operating assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's operating expenses. Each unit owner is an Association member and an equal portion of the assessment is assessed and payable quarterly. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognizes revenue from operating assessments on a daily pro-rata basis using the input method to the extent that collection of the assessments is probable. The Association bills the subsequent year's assessment in advance. The unearned portion is included in deferred assessments on the balance sheet.

Replacement reserve assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's estimated future major repairs and replacements. Each unit owner is an Association member and an equal portion of the assessment is assessed and payable quarterly. The performance obligation for replacement reserve assessments is the expenditure of the assessed funds for the intended purpose. The Association recognizes revenue from replacement reserve assessments when or as the related expenditures are made (generally at a point in time) to the extent that collection of the assessments is probable. Unspent replacement reserve assessments are presented as a contract liability on the balance sheet (deferred maintenance and capital expenditures). This treatment results in a reclassification of pre-adoption fund balance as a contract liability.

Ancillary operations

Ancillary operations describe any Association activities other than the ordinary maintenance, security, governance, and administrative activities common to most associations. The Association's ancillary operations include:

- Late fees
- Sales application fees
- Rental application fees
- Returned check charges

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)**

The Association recognizes revenues from these ancillary operations as the Association's performance obligation for those operations is satisfied. Generally, this is at a point in time when the goods or services are provided.

**12. Income taxes**

The Association may be taxed as a regular corporation or may elect to be taxed as a homeowners association. For the year ended December 31, 2019, the Association elected to file its income tax return as a homeowners association in accordance with Internal Revenue Code Section 528. Under that Section, the Association excludes from taxation exempt function income, which generally consists of revenue from uniform assessments to unit owners. The Association's investment and other nonexempt income net of related expenses is subject to federal income tax at a rate of 30%. Homeowners associations are exempt from Florida income tax. There was no income tax expense for the year ended December 31, 2019.

The Association follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Association's tax filings are generally subject to examination by taxing authorities for three years after the returns are filed. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

**13. Recently issued accounting standards**

**Statement of Cash Flows with Restricted Cash**

In 2019, the Association adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash, a consensus of the FASB Emerging Issues Task Force". The standard requires that entities with restricted cash and restricted cash equivalents reconcile, on the statement of cash flows, changes in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

**FASB ASC 606**

The FASB issued new guidance that created ASC Topic 606, "Revenue from Contracts with Customers". Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, "Real Estate - Common Interest Realty Associations, Revenue Recognition", and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an Association expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of this new guidance as of January 1, 2019, using the

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**Recently issued accounting standards (continued)**

**FASB ASC 606 (continued)**

modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to the Association's accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

To achieve the core principle of the new guidance, the Association applies the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract or a single performance obligation; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Association satisfies each performance obligation.

The adoption of the new revenue recognition guidance resulted in a decrease in fund balance of \$738,367 at January 1, 2019, a decrease in 2019 assessments of \$24,550 and a recording of deferred maintenance and capital expenditures at December 31, 2019, of \$762,917. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

Following are the line items from the Association's balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<b>Liabilities</b>			
Deferred maintenance and capital expenditures	\$ -	\$ 762,917	\$ 762,917
<b>Fund Balances</b>			
Ending fund balance	\$ 223,018	\$ (762,917)	\$ (539,899)

Following are the line items from the Association's statements of revenues and expenses, changes in fund balances, and cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Summary of Significant Accounting Policies (continued)**

**Recently issued accounting standards (continued)**

**FASB ASC 606 (continued)**

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<b>Revenues</b>			
Assessments	\$ 1,301,352	\$ (24,550)	\$ 1,276,802
<b>Excess of revenues over (under) expenses</b>	<b>\$ 199,012</b>	<b>\$ (24,550)</b>	<b>\$ 174,462</b>
<b>Cash Flows</b>			
Excess of revenues over (under) expenses	\$ 199,012	\$ (24,550)	\$ 174,462
Increase in deferred maintenance and capital expenditures	\$ -	\$ 24,550	\$ 24,550

**Note B - Assessments Receivable**

As of December 31, 2019 and 2018, the Association had assessments receivable of:

	<u>2019</u>	<u>2018</u>
Assessments receivable	\$ 207,188	\$ 4,507
Allowance for doubtful accounts	-	-
	<u>\$ 207,188</u>	<u>\$ 4,507</u>

**Note C - Contract Liabilities**

Contract liabilities generally represent payments or consideration received in advance for future major repairs and replacements that the Association has not yet transferred to the unit owners. Contract liabilities as of December 31, 2019 consisted of deferred maintenance and capital expenditures of \$762,917.

Changes in contract liabilities during the year ended December 31, 2019 were as follows:

Deferred maintenance and capital expenditures at beginning of year	\$ 738,367
Additions (replacement reserve assessments)	149,980
Revenue recognized	(125,430)
<b>Deferred maintenance and capital expenditures at end of year</b>	<u><b>\$ 762,917</b></u>



**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note D - Note Payable**

The Association has a note payable to a financial institution, with principal and interest payments of \$55,331 due quarterly with an interest rate 3.9%, maturing February 10, 2024. The loan is secured by a conditional assignment of Association quarterly dues.

Principal amounts due on the note payable over the next five years are as follows:

<u>Year ending December 31,</u>	
2020	\$ 189,731
2021	196,477
2022	204,420
2023	213,085
2024	32,510
Total	<u>\$ 836,223</u>

**Note E - Future Major Repairs and Replacements**

During the year ended December 31, 2019, the Association was in compliance with Chapter 718.112(2)(f)2 of the Florida Statutes which requires the Association's budget to include assessments for future major repairs and replacements, unless waived by an annual vote of the unit owners. Such assessments shall be for items including, but not limited to, roof replacement, building painting, pavement resurfacing and any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000. The Association conducted a study to estimate the remaining useful lives and the replacement costs of the common property components.

During the year ended December 31, 2019, the Association was in compliance with their funding policy for such major repairs and replacements over the estimated useful lives of the components based on the study's estimates of current replacement cost, considering amounts previously accumulated in the replacement fund. Funding for such major repairs and replacements is based on a pooled analysis of two or more of the components, commonly referred to as the pooling method. 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 option to increase regular assessments, levy special assessments, borrow, or delay major repairs and replacements until funds are available.

**Note F - Related Party Transactions**

Master assessments

Unit owners are members of Imperial Golf Estates (the "Master") and pay a portion of expenses related to operating certain common areas and facilities owned by the Master. During the period December 31, 2019, the Association was assessed by the Master. The Association collected \$42,768 on behalf of its members, which is included as an offset to assessments on the accompanying financial statements.

**Bermuda Greens Condominium Association, Inc.**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2019**

**Note G - Commitments and Contingencies**

**1. Insurance coverage**

The Association maintains insurance coverage for damage sustained by the condominium building. The insurance policy contains a deductible clause which would require the Association to pay a certain amount of expenses prior to the insurance company covering the remaining costs. In addition, as certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such losses in excess of the deductible cannot be determined.

**2. Bulk cable agreement**

The Association has a 12-year agreement with a cable television provider ending in March 2030. The contract renews for successive 2-year periods until terminated by either party providing the other party with a minimum of 60 days notice of its intention not to renew at the end of the then current term.

Estimated future expenses of the Association under this agreement are as follows:

<u>Year ending December 31,</u>	
2020	\$ 213,845
2021	213,845
2022	213,845
2023	213,845
2024	213,845
Thereafter	926,661
	<u>\$ 1,995,886</u>

**Note H - Subsequent Events**

Management has assessed subsequent events through October 7, 2020, the date on which the financial statements were available to be issued.

***Supplementary Information***

**Bermuda Greens Condominium Association, Inc.**  
**Schedule of Future Major Repairs and Replacements (Unaudited)**  
**Year Ended December 31, 2019**

The Association conducted a study in November 2018 to estimate the remaining useful lives and the replacement costs of the components of common property. These estimates were obtained from licensed contractors and professional engineers. Replacement costs were based on the estimated current costs to repair or replace the common property components at the date of the study.

The Association allocates interest earned in the replacement fund to future deferred maintenance and capital expenditures.

The following is a presentation of components to be repaired and replaced, estimates of the remaining useful lives of those components, estimates of current replacement costs, and amounts of funds accumulated for each to the extent designated by the board:

Reserve Account	Estimated Remaining Useful Life (in years)	Estimated Current Replacement Costs
Roof	0-21	\$ 2,945,520
Gutter	22	334,684
Painting/ Restoration	1-4	351,632
Carport	0-24	104,984
Pool	0-24	128,117
Pavings	22-25	2,474,874
Clubhouse	10	97,520
Mailbox	23	24,609
Lamp Posts	23	44,578
		<u>\$ 6,506,518</u>

Reserve Account	Beginning Balance	Additions	Expenditures	Transfers	Ending Balance
<b>Future deferred maintenance and capital expenditures</b>	<u>\$ 738,367</u>	<u>\$ 175,719</u>	<u>\$ (151,169)</u>	<u>\$ -</u>	<u>\$ 762,917</u>

Replacement fund expenditures during the year ended December 31, 2019 were comprised of the following:

Carport	\$ 53,534
Painting/ Restoration	52,884
Pool	38,135
A/C Unit	6,616
	<u>\$ 151,169</u>

The amount of annual funding required to fully fund the reserve accounts for years subsequent to December 31, 2019 is \$214,000.

**Bermuda Greens Condominium Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited)**  
**Year Ended December 31, 2019**

<b>Revenues</b>	
Assessments	\$ 1,151,372
Sales application fees	900
Rental application fees	1,050
Interest income	387
Late fees	2,132
Returned check charges	25
<b>Total revenues</b>	<u>1,155,866</u>
<b>Expenses</b>	
<b>Administrative expense</b>	
Management fees	52,627
Office supplies	17,963
Legal	9,677
Website	1,265
Other licenses and permits	2,188
Interest expense	37,600
<b>Total administrative expense</b>	<u>121,320</u>
<b>Utilities</b>	
Electric	15,061
Water / sewer	131,235
Telephone expense	2,801
Cable	221,413
Trash removal	8,957
<b>Total utilities</b>	<u>379,467</u>
<b>Insurance</b>	
Insurance expenses	176,846
Insurance appraisal fee	1,410
<b>Total insurance</b>	<u>178,256</u>
<b>Pool</b>	
Pool maintenance contract	5,800
Pool repairs	13,664
<b>Total pool</b>	<u>19,464</u>

**Bermuda Greens Condominium Association, Inc.**  
**Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)**  
**Year Ended December 31, 2019**

<b>Landscaping</b>	
Landscape contract	122,269
Irrigation repairs	8,268
Plant replacements	6,974
Landscape maintenance	6,945
Tree trimming	16,060
<b>Total landscaping</b>	<b>160,516</b>
<b>Grounds</b>	
Pressure washing	9,575
Lake maintenance and chemicals	12,306
Exotic maintenance	1,550
Storm damage / clean up	13,764
<b>Total grounds</b>	<b>37,195</b>
<b>Buildings</b>	
Building maintenance	49,991
Janitorial contract	18,771
Pest control	11,400
Fire service	5,024
<b>Total buildings</b>	<b>85,186</b>
<b>Debt service</b>	
<b>Total expenses</b>	<b>981,404</b>
<b>Excess of Revenues Over (Under) Expenses</b>	<b>\$ 174,462</b>