

**SHADOW WOOD COMMUNITY
ASSOCIATION, INC.**

AUDITED FINANCIAL STATEMENTS
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Shadow Wood Community Association, Inc.

We have audited the accompanying financial statements of Shadow Wood Community Association, Inc., which comprise the balance sheets as of December 31, 2018, 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.

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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shadow Wood Community Association, Inc. as of December 31, 2018, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Supplementary Information

The supplementary information included in the Schedule of Operating Fund Revenues and Expenses — Budget and Actual on page 12 and 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that future major repairs and replacements information on page 14 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, 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.

Report on Summarized Comparative Information

We have previously audited Shadow Wood Community Association, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Bonita Springs, FL
February 27, 2019

**Member of American Institute of Certified Public Accountants
Member of Florida Institute of Certified Public Accountants**

**SHADOW WOOD COMMUNITY
ASSOCIATION, INC.**

**BALANCE SHEETS
As of December 31, 2018**

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Operating Fund	Replacement Fund	Totals	
			2018	2017
ASSETS				
Cash and cash equivalents	\$ 4,123,492	\$ 89,324	\$ 4,212,816	\$ 3,046,254
Investments	262,296	3,372,981	3,635,277	3,307,485
Accounts receivable - members	17,604	-	17,604	-
Hurricane Irma - assessment receivable	56,730	-	56,730	-
Other receivables	-	-	-	40,322
Prepaid expenses	19,444	-	19,444	27,262
Property and equipment, net of accumulated depreciation	759,473	-	759,473	787,120
TOTAL ASSETS	\$ 5,239,039	\$ 3,462,305	\$ 8,701,344	\$ 7,208,443
 LIABILITIES AND FUND BALANCES				
Accounts payable	\$ 124,353	\$ -	\$ 124,353	\$ 70,214
Assessments received in advance	3,502,091	-	3,502,091	2,982,529
Deferred assessments - bulk cable	450,200	-	450,200	-
Accrued expenses	49,605	-	49,605	273,641
Accrued payroll	49,387	-	49,387	44,155
Deposits payable	33,000	-	33,000	5,500
TOTAL LIABILITIES	4,208,636	-	4,208,636	3,376,039
FUND BALANCES	1,030,403	3,462,305	4,492,708	3,832,404
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,239,039	\$ 3,462,305	\$ 8,701,344	\$ 7,208,443

The accompanying notes are an integral part of these financial statements.
Read independent auditors' report.

**SHADOW WOOD COMMUNITY
ASSOCIATION, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2018**

(With Summarized Financial Information for the Year Ended December 31, 2017)

	Operating Fund	Replacement Fund	Totals	
			2018	2017
REVENUES				
Member assessments	\$ 3,278,732	\$ 212,709	\$ 3,491,441	\$ 3,417,753
Capital contributions	-	302,400	302,400	207,900
Assessment (SWCC)	32,000	-	32,000	32,000
Interest income and late fees	13,647	61,759	75,406	52,151
Other income	33,244	-	33,244	15,962
Hurricane Irma - special assessment	275,466	-	275,466	-
Insurance settlement proceeds	100,000	-	100,000	-
	<u>3,733,089</u>	<u>576,868</u>	<u>4,309,957</u>	<u>3,725,766</u>
EXPENSES				
Compensation and benefits	1,700,213	-	1,700,213	1,699,588
Office and administrative	40,457	-	40,457	39,939
Operating and maintenance	553,668	-	553,668	801,587
Utilities	219,467	-	219,467	232,496
Outside services	520,266	-	520,266	491,078
Repairs and maintenance	204,895	-	204,895	88,314
Other operating expenses	80,232	-	80,232	75,004
Depreciation	88,314	-	88,314	86,824
Replacement	-	240,760	240,760	48,381
	<u>-</u>	<u>240,760</u>	<u>240,760</u>	<u>48,381</u>
Total Operating Expenses	<u>3,407,512</u>	<u>240,760</u>	<u>3,648,272</u>	<u>3,563,211</u>
Excess of revenues over expenses	325,577	336,108	661,685	162,555
OTHER INCOME				
Gain on sale of property and equipment	9,300	-	9,300	9,136
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain (loss) on investments	1,915	(12,596)	(10,681)	(6,758)
Total excess of revenues over expenses	336,792	323,512	660,304	164,933
BEGINNING FUND BALANCE	<u>693,611</u>	<u>3,138,793</u>	<u>3,832,404</u>	<u>3,667,471</u>
ENDING FUND BALANCE	<u>\$ 1,030,403</u>	<u>\$ 3,462,305</u>	<u>\$ 4,492,708</u>	<u>\$ 3,832,404</u>

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