

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.

JENSEN BEACH, FLORIDA

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For Year Ended December 31, 2021

Gerald Jackson, Jr.

CERTIFIED PUBLIC ACCOUNTANT, P.A.

150 S.W. CHAMBER COURT, SUITE 202
PORT ST. LUCIE, FLORIDA 34986-3413

JERRY@FLACONDOCPA.COM

TELEPHONE
(772)879-3738
1 (800)768-3738

FAX (772) 879-2801

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Pineapple Plantation Property Owners Association, Inc.

Opinion

I have audited the accompanying financial statements of Pineapple Plantation Property Owners Association, Inc. which comprises the balance sheet as of December 31, 2021, and the related statements of revenues and expenses and changes in fund balance, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pineapple Plantation Property Owners Association, Inc. as of December 31, 2021, and the results of its operation 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Pineapple Plantation Property Owners Association, Inc. and to meet my other ethical requirements, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and the fair presentation of these 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 Pineapple Plantation Property Owners Association, Inc. ability to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 statement.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout 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 the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered to the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the I identified during the audit.

Report on Supplementary Information:

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Comparison of Actual Versus Budgeted Operating Expenses and the Statement of Operating Assessments, Revenues and Expenses which is the responsibility of the Association's management, is presented for the purposes of analysis, and is not a required part of the financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I 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 the Supplementary Information on Future Major Repairs and Replacements be presented to supplement the basic financial statements. Such information, although not 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. I 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 inquires of management about the methods of preparing the information and comparing that information for consistency with their responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express and opinion or provide any assurance

Gerald Jackson, Jr.
CERTIFIED PUBLIC ACCOUNTANT, P.A.
150 S.W. CHAMBER COURT, SUITE 202
PORT ST. LUCIE, FLORIDA 34986-3413

TELEPHONE
(772)879-3738
1(800)768-3738

JERRY@FLACONDOCPA.COM

FAX (772) 879-2801

Report on Summarized Comparative Information:

I had previously audited Pineapple Plantation Property Owners Association, Inc.'s 2020 financial statements and had expressed an unmodified opinion on those financial statements in their report dated January 28, 2021. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Gerald Jackson Jr., CPA
Port St. Lucie, FL 34986
April 15, 2022

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
Balance Sheet

December 31, 2021

	December 31, 2021			12/31/20
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<u>ASSETS</u>				
CASH	\$ 194,658	\$ 628,140	\$ 822,798	\$ 778,169
ASSESSMENTS RECEIVABLE-OWNERS	25,332	0	25,332	17,851
LESS:				
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(5,698)	0	(5,698)	(5,698)
TOTAL ACCOUNTS RECEIVABLE	19,634	0	19,634	12,153
PREPAID INSURANCE	7,295	0	7,295	6,254
PREPAID EXPENSES	6,500	0	6,500	0
TOTAL ASSETS	\$ 228,087	\$ 628,140	\$ 856,227	\$ 796,576
<u>LIABILITIES AND FUND BALANCES</u>				
ACCOUNTS PAYABLE/ACCRUED EXPENSES \$	32,961	\$ 0	\$ 32,961	\$ 14,778
ASSESSMENTS PAID IN ADVANCE	66,747	0	66,747	50,827
TOTAL LIABILITIES	99,708	0	99,708	65,605
FUND BALANCES	128,379	628,140	756,519	730,971
TOTAL LIABILITIES AND FUND BALANCES	\$ 228,087	\$ 628,140	\$ 856,227	\$ 796,576

Read the Accompanying Notes to Financial Statements.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
Statement of Revenues, Expenses and Changes in Fund Balance
For Year Ended December 31, 2021

	2021			2020
	Operating Fund	Replacement Fund	Total Funds	Total Funds
<u>REVENUES</u>				
MAINTENANCE AND CABLE FEES	\$ 344,171	\$ 72,027	\$ 416,198	\$ 417,524
LATE FEES AND OTHER INCOME	4,364	0	4,364	13,070
INTEREST INCOME	0	378	378	1,965
TOTAL REVENUES	348,535	72,405	420,940	432,559
<u>EXPENSES</u>				
ADMINISTRATIVE	\$ 91,103	\$ 0	\$ 91,103	\$ 97,960
UTILITIES	44,739	0	44,739	41,413
GROUNDS	249,222	0	249,222	215,612
MISCELLANEOUS/CONTINGENCY	2,524	0	2,524	2,416
MAJOR REPAIRS - RESERVES	0	7,804	7,804	0
TOTAL EXPENSES	387,588	7,804	395,392	357,401
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(39,053)	64,601	25,548	75,158
FUND BALANCES, BEGINNING OF YEAR	167,432	563,539	730,971	655,813
FUND BALANCES, END OF YEAR	\$ 128,379	\$ 628,140	\$ 756,519	\$ 730,971

Read the Accompanying Notes to Financial Statements.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.

Statement of Cash Flows

For Year Ended December 31, 2021

INCREASE(DECREASE) IN CASH	2021			2020
	Operating Fund	Replacement Fund	Total Funds	Total Funds
CASH FLOW FROM OPERATING ACTIVITIES:				
Cash Receipts From Assessments	\$ 122,610	\$ 72,027	\$ 194,637	\$ 416,112
Interest Income Received	0	378	378	1,965
Other Income Received	4,364	0	4,364	13,070
Cash Payments to Vendors and Suppliers	(146,946)	(7,804)	(154,750)	(342,053)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(19,972)	64,601	44,629	89,094
NET INCREASE (DECREASE) IN CASH FOR CURRENT YEAR	(19,972)	64,601	44,629	89,094
CASH AT BEGINNING OF YEAR	214,630	563,539	778,169	689,075
CASH AT END OF YEAR	\$ 194,658	\$ 628,140	\$ 822,798	\$ 778,169
RECONCILIATION OF EXCESS OF ASSESSMENTS AND REVENUES				
Excess (deficit) of revenues over expenses	\$ (39,053)	\$ 64,601	\$ 25,548	\$ 75,158
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided by operating activities:				
(Increase) Decrease in:				
Assessments Receivable	(7,481)	0	(7,481)	(5,623)
Prepaid Expenses	(7,541)	0	(7,541)	13,568
Increase (Decrease) in:				
Accounts Payable/Accrued Expenses	18,183	0	18,183	1,780
Assessments Paid in Advance	15,920	0	15,920	4,211
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (19,972)	\$ 64,601	\$ 44,629	\$ 89,094

Read the Accompanying Notes to Financial Statements.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PURPOSE

Pineapple Plantation Property Owners Association, Inc. was incorporated on October 2, 1995 as a Florida not-for-profit corporation. The Association has been organized for the purpose of operating and maintaining the common property of the association and to enforce the covenants, conditions, restrictions, and other provisions pursuant to Chapter 720 of the Florida Statutes. The Association includes 554 single-family residential sites. All policy decisions are formed by the Board of Directors.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The financial statements have been prepared using the accrual basis of accounting pursuant to Section 720 of the Florida Statutes. The Association's governing documents provide certain guidelines for conducting 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 general operations of the Association.

Replacement Fund

This fund is used to accumulate financial resources designated for future major repairs and replacements.

Common Property

The Association's common property consists of an entrance, roads, street lighting, lakes and related greenbelt areas. 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 the properties may not be disposed of at the discretion of the Board of Directors and are used exclusively by homeowners whose assessments are determined without regard to individual usage of the properties.

Member Assessments:

Association members are subject to quarterly assessments in advance, to provide funds for the Association's operating expenses and a reserve for major repairs and replacements. The annual budget and member assessments are determined and approved by the Board of Directors. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are in arrears.

An allowance for potentially uncollectible assessments for \$5,698 was maintained as of December 31, 2021.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

Income Taxes:

Community Associations may elect to be taxed either as a regular corporation or as a Homeowners Association. For the year ended December 31, 2021, the Association has elected to be taxed as a Homeowners Association in accordance with Internal Revenue Code Section 528. Under this section, the Association is taxed on its nonexempt function income, such as net investment earnings, at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable.

In June 2006, the Financial Accounting Standards Board prescribed a comprehensive model for how a company should measure, recognize, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return. The opinion was amended in 2009 to more accurately reflect the applicability to Not-For-Profit entities such as Associations. The Association has adopted this pronouncement as amended as of January 1, 2009.

Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2019, 2020, and 2021. However, the Association is not currently under audit and has not been contacted that a possible audit may be initiated. Also, the Association did not have any uncertain tax positions as of December 31, 2021.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

Subsequent Events

Management evaluated the existence of any subsequent events through April 15, 2022, the date the financial statements were available to be issued and no material items existed.

Fair Value Measurement:

Under FASB ASC 820, Fair Value Measurements and Disclosures (SFAS No. 157), fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability between market participants on the measurement date.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2021, therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2021

NOTE 3 - FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents allow funds to be accumulated for future major repairs and replacements.

Funds are being accumulated in the replacement fund based on the estimates of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs for major repairs and replacement. If additional funds are needed, however, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following table reflects the current year replacement fund activity by the various components:

<u>RESERVES</u>	Beginning Balance	Funding	Current Year		Ending Balance
			Interest	Expended	
Roads/Sidewalks	224,175	0	0	0	224,175
Walls/Fencing	6,904	0	0	0	6,904
Landscape Replacement	8,194	0	0	0	8,194
Infrastructure	80,163	0	0	0	80,163
Water Equipment	10,000	0	0	0	10,000
Common Area Upkeep	216,081	72,027	0	(7,804)	280,304
Interest	18,022	0	378	0	18,400
Total	563,539	72,027	378	(7,804)	628,140

NOTE 4 – RIGHT OF ENTRY AGREEMENT

The Association cancelled its bulk cable contract and on January 1, 2014 entered into a "Right of Entry" agreement whereby the Association receives a percentage of the billing by Comcast (based on the level of services provided) for multi-channel video, internet, and voice services provided to unit owners. The agreement is binding for ten years with the ability to extend beyond that period. The Association received initial compensation plus monthly compensation under the agreement.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – APPLICATION OF PORTION OF PRIOR OPERATING SURPLUS to 2021

The Association applied \$13,826 of prior surplus operating funds to the 2021 operating budget which had the effect of reducing the 2021 assessments by this amount. Generally accepted accounting principles do not allow recording this \$13,826 as revenue in 2020.

NOTE 6- BANK BALANCES

The association maintains its cash balances in a bank that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for all accounts in aggregate. As of December 31, 2021 the uninsured portion of these balances was approximately \$217,121.

NOTE 7 – ASC 606

It has been determined that ASC 606 – Revenue Recognition (also referred to as “Contracts with Customers”) does not apply to associations since association unit owners are not customers (as defined by ASC 606-10-15-3) and therefore ASC 606 has not been implemented.

The Financial Accounting Standards Board (FASB) Supervisor of Revenue Recognition has stated that there is no industry guidance related to ASC 606 and the determination of whether ASC 606 applies is based on the five steps defined in ASU No. 2014-19 (aka ASC 606). A review of the five steps has determined that no customer relationship exists and therefore no “Contract with Customer” exists.

SUPPLEMENTARY INFORMATION

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
Comparison of Actual vs. Budget-Operating
For Year Ended December 31, 2021

	2020		2021		
	Actual	Actual	Budget (Unaudited)	\$ Variance	% Variance
REVENUES					
MAINTENANCE AND CABLE FEES	345,497	344,171	346,018	(1,847)	-0.5%
INTEREST INCOME	112	0	0	0	0.0%
LATE FEES AND OTHER INCOME	13,070	4,364	9,484	(5,120)	-54.0%
APPLY SURPLUS CARRYOVER	0	0	13,826	(13,826)	-100.0%
TOTAL REVENUES	358,679	348,535	369,328	(20,793)	-5.6%
EXPENSES:					
ADMINISTRATIVE					
MANAGEMENT FEES	69,354	69,410	69,354	(56)	-0.1%
ACCOUNTING FEES	3,000	3,000	3,000	0	0.0%
LEGAL-COLLECTIONS	442	443	2,450	2,007	81.9%
LEGAL AND PROFESSIONAL	2,163	1,646	4,000	2,354	58.9%
INSURANCE	6,970	7,655	9,500	1,845	19.4%
OFFICE SUPPLIES	3,539	3,732	4,100	368	8.0%
POSTAGE	1,038	1,040	1,500	460	30.7%
CORPORATE FEE	62	62	62	0	0.0%
CABLE CONSULTANT	8,858	1,955	7,100	5,145	72.5%
MISCELLANEOUS	2,534	2,160	2,000	(160)	-8.0%
Total ADMINISTRATIVE	97,960	91,103	103,066	11,963	11.6%
UTILITIES					
ELECTRIC-STREET	41,413	44,739	43,000	(1,739)	-4.0%
Total UTILITIES	41,413	44,739	43,000	(1,739)	-4.0%
GROUNDS					
LANDSCAPE-BASIC SERVICE	42,720	49,010	48,000	(1,010)	-2.1%
LANDSCAPE EXTRAS	30,534	31,773	20,000	(11,773)	-58.9%
FERTILIZER AND PEST CONTROL	14,472	15,570	14,462	(1,108)	-7.7%
PROJECT-PRESERVE MAINTENANCE	6,535	5,045	8,000	2,955	36.9%
GENERAL REPAIR/MAINTENANCE	7,710	22,764	10,000	(12,764)	-127.6%
IRRIGATION-MAINTENANCE	18,163	23,761	20,000	(3,761)	-18.8%
IRRIGATION-WATER	63,659	65,025	65,200	175	0.3%
IRRIGATION-ELECTRIC	3,399	3,186	3,100	(86)	-2.8%
LAKE MAINTENANCE	19,015	19,379	20,000	621	3.1%
STORMWATER MANAGEMENT	9,405	13,709	10,000	(3,709)	-37.1%
Total GROUNDS	215,612	249,222	218,762	(30,460)	-13.9%
MISCELLANEOUS/CONTINGENCY					
SECURITY	2,416	2,524	4,500	1,976	43.9%
Total MISCELLANEOUS/CONTINGENCY	2,416	2,524	4,500	1,976	43.9%
TOTAL EXPENSES	357,401	387,588	369,328	(18,260)	-4.9%
NET SURPLUS (DEFICIT)	1,278	(39,053)	0	(39,053)	-

Read the Accompanying Notes to Financial Statements.

PINEAPPLE PLANTATION PROPERTY OWNERS ASSOCIATION, INC.
SCHEDULE OF FUTURE MAJOR REPAIRS AND REPLACEMENTS
December 31, 2021

The Board of Directors had an Independent reserve study conducted in September 2017 which was used as a guideline for reserve budgeting

<u>Component</u>	<u>Estimated Useful Life in Years Remaining</u>	<u>Requirements</u>		<u>Replacement Fund Balance At 12/31/2021</u>
		<u>Estimated Current Replacement Cost</u>	<u>Budgeted 2022 Funding</u>	
ROADS/SIDEWALKS	13-14	450,000	0	224,175
WALLS/FENCING	VARIES	23,649	0	6,904
LANDSCAPE REPLACEMENT	-	20,000	0	8,194
INFRASTRUCTURE	VARIES	150,000	0	80,163
WATER SYSTEM	31	120,000	0	10,000
COMMON ELEMENT UPKEEP	VARIES	-	72,027	280,304
INTEREST	-	-	-	18,400
Total		\$ 763,649	\$ \$ 72,027	\$ 628,140

Read the Accompanying Notes to Financial Statements