



PINEAPPLE PLANTATION POA

Financial Statements
February 2023

**PINEAPPLE PLANTATION POA
BALANCE SHEET**

February 2023

	Current Month Operation	Current Month Reserve	Current Month Total	Prior Month Total	Net Change
Assets					
Cash	217,864	8,842	226,706	248,879	(22,173)
Reserve Investment - Merrill	-	638,005	638,005	638,006	(1)
Unrealized Gain (Loss)	-	(13,091)	(13,091)	(12,953)	(138)
Investments, Net	-	624,914	624,914	625,053	(139)
Accounts Receivables	20,461	-	20,461	28,579	(8,118)
Allowance for Bad Debts	(5,933)	-	(5,933)	(5,933)	-
Accounts Receivables, Net	14,528	-	14,528	22,646	(8,118)
Prepaid Expenses	28,619	-	28,619	13,814	14,805
Total Assets	261,011	633,756	894,767	910,392	(15,625)
Liabilities & Equity					
Accounts Payables	11,425	-	11,425	4,039	7,386
Accrued Expenses	6,050	-	6,050	6,050	-
Prepaid Maint. Fees	45,107	-	45,107	40,650	4,457
Unearned Maint. Fees	37,649	-	37,649	74,147	(36,498)
Total Liabilities	100,231	-	100,231	124,886	(24,655)
Equity & Fund Bal.	160,780	633,756	794,536	785,506	9,030
Total Liabilities & Equity	261,011	633,756	894,767	910,392	(15,625)

[A] A/R Collections: A/R balances over 90 days total \$10,843 or 53% of total A/R. There are 9 owners that make up 70% of the 90 day balance and collection efforts have been started. Of those 9 accounts, 6 are with the attorney.

[B] Prepaid Maint. Fees represents future quarterly Maint. Fees that owners have already paid.

The POA's cash balance remains at a strong level of \$217,864. Accounts Receivables (A/R) balance is reasonable. See the A/R collection note above. Prepaid expenses consists mainly of Insurance premiums and deposits for the annual pest & fertilizer services. In January, the Board approved the investing of the Reserve cash balances into CDs to increase the rate of return on the funds to help offset the impact of inflation. The POA opened an account with Merrill (Lynch) and transferred \$638,000 into it. The funds were invested as follows: 23% in CD's with a term of one (1) year or less and 77% in CD's with a term of 4 to 5 years. Overall, the account is providing a yield of just over 4%. Noted that Generally Accepted Accounting Principles (GAAP), require the CD investment to be recorded at market value. That means a monthly adjustment will need to be made to bring the G/L balance in line with the market value. This adjustment will be recorded as Unrealized Gain (Loss). Remember this is just a bookkeeping entry unless the POA sells a CD before its maturity date.

**PINEAPPLE PLANTATION POA
STATEMENT OF OPERATIONS
February 2023**

<u>This</u> <u>Month</u> <u>Actual</u>	<u>This</u> <u>Month</u> <u>Budget</u>	<u>Fav</u> <u>(unfav)</u> <u>Variance</u>	<u>This Month</u> <u>Prior Year</u>		<u>YTD</u> <u>Actual</u>	<u>YTD</u> <u>Budget</u>	<u>Fav</u> <u>(unfav)</u> <u>Variance</u>	<u>YTD</u> <u>Prior</u> <u>Year</u>	<u>Budget</u> <u>Total Year</u>
Revenue									
36,497	36,497	0	36,696	Maintenance/Reserve Fees	72,995	72,995	0	73,392	437,968
2,417	2,417	0	6,742	Cable Access Fees	4,833	4,833	0	6,742	29,000
0	1,992	(1,992)	0	Ops Surplus Used	0	3,983	(3,983)	0	23,900
(776)	791	(1,567)	6	Late Fees & Other	903	1,580	(677)	6	9,484
38,138	41,697	(3,559)	43,444	Total Revenues	78,731	83,391	(4,660)	80,140	500,352
Expenses									
6,250	6,250	0	5,788	Management Services	12,500	12,500	0	11,583	75,000
(1,900)	1,849	3,749	1,686	Professional Fees	(801)	3,697	4,498	1,686	22,181
337	1,060	723	623	Insurance	673	2,121	1,448	1,245	12,728
1,803	467	(1,336)	4,515	Supplies & Postage	1,908	933	(975)	4,744	5,600
0	417	417	300	Misc. Expenses	1,100	833	(267)	400	5,000
663	547	(116)	376	General R&M	963	1,093	130	782	6,560
4,196	4,037	(159)	3,929	Street Utilities	8,388	8,075	(313)	6,299	48,447
6,105	7,917	1,812	6,005	Landscape Services	12,489	15,833	3,344	11,742	95,000
8,142	8,723	581	7,595	Irrigation Utilities/R&M	17,041	17,448	407	15,393	104,684
8	4,261	4,253	8	Lake/Preserve Services	1,152	8,520	7,368	2,842	51,125
0	167	167	0	Security	1,390	333	(1,057)	188	2,000
25,604	35,695	10,091	30,825		56,803	71,386	14,583	56,904	428,325
6,002	6,002	0	6,002	Transfer Reserve Fees	12,005	12,005	0	12,005	72,027
31,606	41,697	10,091	36,827	Total Expenses & Transfer	68,808	83,391	14,583	68,909	500,352
6,532	(0)	6,532	6,617	Operating Contribution	9,923	(0)	9,923	11,231	0

For the month of February, the POA had an Operating Contribution or Surplus of \$6,532 mainly due to lower expenses. YTD the Surplus is \$9,923 again due to lower expenses. The lower expenses are mainly due to the timing of actual expenditures vs when they were budgeted. In other words, it is a timing difference vs actual cost savings. As can be expected, given inflation many of the POA expenses will be higher this year than last year and were budgeted higher. After remaining at the same level for 7 years, Advantage Property Management's fee was increased this year.

As general information please see below:

Professional Fees include legal, accounting, tax and cable consulting expenditures. The largest being legal.

Landscape Services include mowing, edging, shrubbery & tree trimming, mulch, weed control, pest control, and fertilization.

Irrigation includes the purchase of gray water from Martin County, repairs & maintenance, and electric for the equipment.

The largest item is the gray water which is budgeted at \$66,000 for the year. The irrigation system and piping is getting older and as such, R&M costs have increased. 2023 R&M budgeted amount is \$34,000.

**PINEAPPLE PLANTATION POA
RESERVE STUDY ROLLFORWARD
As of Feb. 2023**

2023 Annual funding:	\$72,027
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	<u>ROADS, CURBS & SIDEWALKS</u>	<u>WALLS, FENCES & GATES</u>	<u>Landscape</u>	<u>INFRASTRU CTURE</u>	<u>WATER SYSTEMS</u>	<u>DRAINAGE</u>	<u>RECREATION</u>	<u>Common Other</u>	<u>Sub-Total</u>	<u>Interest</u>	<u>Unrealized Gain (loss)</u>	<u>Total</u>
Beg. Bal Jan. 1	223,675	6,904	8,193	20,222	10,000	0	0	349,546	618,540	18,938	0	637,478
Funding								12,005	12,005	729	(13,091)	(357)
Transfer									0			0
Expenditure -								(3,365)	(3,365)			(3,365)
Expenditure -									0			0
Adjustment									0			0
End. Bal Feb. 28	223,675	6,904	8,193	20,222	10,000	0	0	358,185	627,179	19,667	(13,091)	633,755
Replacement Costs	4,186,000	80,000	20,000	78,000	195,000	1,049,000	76,000	0	5,684,000 (per 2022 Study)			
Est. Useful life	20 to 55 Yrs.	8 to 30	various	30	10 to 20	60	20	various				
Est. Remaining Life	5 to 32 Yrs.	7	various	7	12	37	20	various				

The 2023 Reserve funding (\$72,027) was based on a 2017 Reserve Study which determined the POA Estimated Replacement Costs to be \$1,666,000. The Board updated the Reserve Study in 2022, unfortunately it was received after the 2023 Budget was approved. The 2022 Study estimated the Replacement costs to be \$5,664,000. This \$4,000,000 increase in Replacement Costs is attributed to improved practices by the firm performing the Study and the significant escalation of construction material costs experienced since 2020. This increase in the Replacement Costs impacts the suggested future Reserve funding which is now at \$149,000 vs. the current \$72,027. If the Reserve funding was raised to \$149,000 it would cause an increase of \$35 to the quarterly assessment. The quarterly assessment would go from \$199 to \$234. The Study also analyzes what the POA's Reserve balance should be based on the estimated useful life and the remaining life. The POA's actual Reserve balance is compared to the estimated value to determine the POA's reserve funded percentage. Industry standards say that the Funded percentage should be at a minimum 30%; however, best practices indicate the percentage should be 50% to 70%. At these levels, an association will be less likely to need a Special Capital Assessment or go into debt to fund expenditures to maintain its common amenities. Our POA Funded percentage is at 22%. To achieve a 30% funding percentage additional reserves of \$220,000 would be required. To get to 50% funded, \$800,000 additional reserve funds would be needed. This does not mean that we need to actual generate these additional funds. It is just an indication of the financial strength of the POA to meet its future capital needs. All of this was one of the reasons the Board invested the Reserve funds to increase the interest earned. The Board will be discussing Reserve balances and funding over the next several months.