PINEAPPLE PLANTATION POA

September 27, 2023 Board Meeting

TREASURER'S REPORT &

JULY 2023 FINANCIAL STATEMENTS

TREASURER'S REPORT FOR MAY FINANCIAL STATEMENTS

GIVEN AT THE SEPTEMBER 27, 2023 BOARD MEETING

July 2023 Financial Statements

Balance Sheet Review:

Operating Funds: The balance sheet continues to look strong. The 3rd quarter Maintenance Fee was billed, and Members started to pay and the prepaid fee amount was used to offset the charge too. This all caused the cash and A/R balances to go up while the prepaid fee balance decreased. The operating cash balance is strong at $253,120. For additional A/R information see Delinquent Accounts below. Receivable Other represents the Cable Revenue Sharing owned to the POA from Comcast. The POA accrues $2,417 per month and Comcast pays quarterly (about 2 months after the end of the quarter). Prepaid Expenses relate mainly to two items: (1) the fertilizer, pest and weed control vendor's annual prepaid contract and (2) the annual insurance premiums paid in advance.

Owners' equity fund balance (operating surplus) is strong at $167,438, up YTD by $16,581 (YTD Operating Surplus).

Reserve Fuds: Most of the reserve cash is invested in CDs with Merrill ($638,000) making about 4% annually. One of the $72,000 CD's matured on July 31, 2023 and the proceeds, $81,000, were reinvested in a 7 month CD earning 5.3%. The POA is currently funding the reserves at a rate of $72,027 per year or $6,002.25 monthly. YTD expenditures of $9,456 all relate to the griding of the sidewalks to make them safe. There is $32,818 of cash that is not invested because these funds are earmarked for the expenditures to complete the playground. See the detail reserve page for more information.

Operating Statement Reformat:

The Income Statement was reformatted in May to improve the comparison of actual operations vs. the budget. The Prior Year (PY) Operating Surplus used to balance the Budget was pulled out and moved below the Operating Contribution line. That is just a Budget number and there will never be an actual number. The POA documents allow Operating Surpluses (Fund Equity) to be used to reduce future Annual Assessments. In the 2023 Budget, $23,900 of prior Operating Surplus was used to offset expenses so that the Annual Assessment did not have to be increased. Additionally, the Reserve Funds billing and transfer amounts were pulled out and placed below the Operating Contribution line. These are Reserve Fund activities and should not be in the Operating Statement.

Operating Statement Review:

For the month of July, there was an Operating Contribution of $6,951 and YTD the Contribution is $16,581. Revenues are at Budget for the month and YTD. Total expenses are below budget for the month due to the timing of actual expenditures vs budget. YTD expenses are under budget due to savings in preserve & lake maintenance and to postponing of landscaping projects caused by the heavy rains and high-water levels. The resulting Operating Contribution for both the month and YTD are better than budget. YTD contribution is $18,565 ahead of budget. It should be note, that most of that favorable budget variance will be used up by year for Lake & Preserve Maintenance and mulching the common areas in early Novemeber.

As noted last before, historically electricity invoices were not being classified correctly between street lighting and irrigation. Electricity invoices for irrigation were being charged to street lighting; therefore, irrigation electricity was low, and streetlights were high. That was corrected in April and as a result, Street Utilities will be under budget and Irrigations Utilities will be over budget for the rest of the year.

YTD Professional Fees will be over budget due to booking the final payment for the 2022 reserve study, $1,100, in 2023 when it should have been accrued in 2022. Plus, legal charges for services performed in December 2022 were not invoiced until May 2023. Supplies and Postage are over budget by $2,751 mainly due to the 2023 budget being reduced by 45% as compared to the 2022 actual expense even with postal rates increasing and high inflation. YTD Security is over budget by $1,433 due to about $1,400 of 2022 invoices being booked in 2023 instead of 2022. Several of the current year's expenses are over budget because the monthly budget amounts are based on the Annual Budget divided by 12, so the timing of the actual expenditures vs. budget differs.

The Lake/Preserve Maintenance vendor quit back November 2022. In August 2023, we selected a new vendor, SOLitude, who will start to provide services in late September. Based on vendor quotes received, the costs for these services are going to be significantly higher than what was paid in the past. Since there are no actual expenses for 2023, YTD the POA is under budget by $8,008 for Lake & Preserve Maintenance. We have moved the budget amounts for April, May, June, July and August to December since no service is being provided. In 2023, we will have the budget to cover the estimated costs of about $31,000. The 2024 costs are going to be about $57,000 per the contract.

Delinquent Accounts: As of **September 22, 2023**, the account receivable balance was $12,226 and the 90 day balance is $8,385 or 68.6% of total A/R. Five (5) delinquent accounts make up 93% or $7,757 of the 90 day balance. All five (5) of the accounts are with the attorney and 4 have liens on their property. Two accounts have agreed to payment plans which will have the account paid by yearend. Collection efforts will continue with the rest of the delinquent accounts. Treasurer is meeting with the POA's attorney to discuss foreclosure on two (2) of the accounts.

Two owner accounts have been delinquent for a significant period of time and have not responded to attempts to contact them. The Treasurer made a motion that if after one more attempt to contact them, knocking on their door, if no progress is made towards collecting the outstanding funds, the POA would move to foreclose on the lien on their property. The motion was seconded and unanimously approved by the BOD. Below are the accounts in question.

Pineapple Plantation POA					
Aged Owner Balance			8/31/2023		
Acct#	**Name/Address**	**Code**	**Total**		**Last Pmt**
00788	Miguel & Tanya Aquino	A1 - ASSESSMENT	$1,739.00		no pmt since Sept. 2021
	788 NW Waterlily Place	01 - Late Fees	$225.00		
		04 - Interest	$268.13		
		05 - Attorney Fees	$650.00		
		Total:	$2,882.13		
02007	Ian Centrone	A1 - ASSESSMENT	$1,389.00		no pmt since Sept. 2021
	2007 NW Marsh Rabbit Lane	01 - Late Fees	$175.00		
		04 - Interest	$202.18		
		05 - Attorney Fees	$650.00		
		Total:	$2,416.18		

Collection Process: If Assessment Billing is not paid within 15 days, a late fee of $25.00 and interest at 18% annual rate will be charged to an owner's account. Once an owner's account is 30 days old, a Curtesy Notices will be sent as a reminder to the owner to make a payment. If the account is still outstanding after 60 days, a Final Notice will be sent requesting payment and informing the owner his/her account will be turned over to the Attorney if payment is not received. At 90 days, a certified letter will be sent from the Attorney requesting payment and informing the owner that if payment is not received in 45 days a lien will placed on the home and foreclosure proceeding may start. The first letter from the Attorney currently costs $175.00 and filing a lien cost $475.00. Both of these legal fees and any other fees incurred will be charged to the owner's account.

Owners need to keep their account current to avoid the late fees and high Attorney fees. If you get a letter from the POA concerning your account, respond to it. If you are experiencing temporary financial issues give the POA a call, within reason we will work with you. The best way to keep track of your account is to get on TOPs which allows owners to see their account activity and make payments. And yes, the POA does accept credit cards.

Remember the Annual Assessment is billed quarterly – January 1, April 1, July 1, and October 1. The current quarterly assessment is $199.00. The Annual Assessment is determined by the annual budget and notice of the new Assessment is provided in December every year.

Cable Revenue Sharing:

May Report: The consultant is still talking with Comcast to see if a contract renewal can be reached. Currently, it appears that QXC is the only viable alternative option. Additional investigation has to be completed before a decision can be made.

April Report: For 10 years, the POA has had an agreement with Comcast to share in the revenue Comcast generates from homeowners. Currently, the POA gets 6% of the revenue from cable services and 4.25% from internet services. Comcast has 64% of the homes using its cable service and 50% using its internet service. This agreement has generated about $28,000 annual revenue to the POA. The POA pays 25% of that revenue to the cable consultant that negotiated the contract with Comcast. This $7,000 annual consultant fee reduces the net income from cable revenue sharing to $21,000. The contract with Comcast ends on December 31, 2023, and the POA has been told that Comcast will not continue the revenue sharing. This means that the POA will be losing $21,000 of net income starting in 2024 and going forward. That would cause the quarterly Assessment amount per homeowner to increase by $10. The POA has reached out to the consultant to investigate if there are any other cable/internet service providers that would be interested in servicing the community. The consultant has identified two providers with interest. Both providers offer fiber-based platforms with a full range of services containing various options - channel lineups, DVR, internet speeds, phone, equipment, and numerous add-ons. The homeowner can pick and choose from the provider services and use their own equipment or purchase/rent equipment from the provider. The POA would receive a one-time payment based on the 556 homes and a revenue sharing payment from both providers in exchange for an exclusive 10 to 12 year marketing contract. If the POA goes with one of these companies, the provider would have to dig up the community to install the fiber to central hubs and then it would run fiber to the homes purchasing its service (like what AT&T did). Homeowners would not have to switch; they can stay with their current provider. One company is from out of state, and we have not received their information. The other is out of the Boca area, QXC, and for a 12 year agreement the POA would receive a one-time $200 fee per home ($111,200 = $200x556) and 4% revenue sharing after a 90 day waiting period. Again 25% of all payments received by the POA would have to be paid to the consultant. Reviewing QXC's information they have: (1) TV service with 51 channels for $60 & 72 channels for $70 with local channels added for $35, (2) internet speeds 200, 300, and 500 mbps for $60, $80, and $100, and (3) phone service of 2,000 minutes for $20. For example, 72 channels, local channels and 300 mbps internet would cost $185 plus equipment, taxes and fees. There are numerous sports, movies, and other package add-ons available too. The TV service includes one stream (TV connection), additional streams cost $5 per stream. Equipment is extra based on want the homeowner needs. And as always, taxes and fees are extra. The Board has additional information to obtain and review from the providers as well as getting input from the homeowners before a decision can be made.

June Update: The only alternative option to Comcast is QXC. Comcast is not responding to the POA's requests to renegotiate the renewal, so the POA sent a Cancelation Notice to Comcast effective December 31, 2023. This will hopefully force them to respond. If they do not, the POA will move ahead with QXC in October.

July Update: The POA has sent to Comcast our notice of cancelation as of December 31, 2023.

Preserve and Lake Maintenance Vendor Selection:

The POA has a total of 332 acres of land. Eight (8) lakes occupy over 23 acres and wetlands/preserves cover over 142 acres. The 142 acres of wetlands/preserves is one of the largest such areas in Martin County. Many vendors do not have the labor force required to service such a large area. In August 2022, South Florida Water Management District (SFWMD) inspected the preserves and lakes and told the Property Manager that the POA was in non-compliance with the POA's Preserve Area Maintenance Plan (PAMP). This Plan requires the treatment of all exotic and invasive vegetation species so that the preserve and lake areas contain no more than 5% of exotic/invasive vegetation. SFWMD was ready to initiate fines against the POA. They were told that the POA was in the process of selecting a new vendor to maintain lakes and preserves. SFWMD agreed to come back to inspect in 6 to 12 months. At the August 30, **2022** BOD meeting, the Board selected the current vendor to continue based on the lowest fee. In November 2022, the selected vendor quit citing lack of labor to perform the job. Based on discussions with SFWMD and 2 of the vendors who performed detailed inspections of our preserves and lakes, the lake and preserves have not been maintained for serval years, are in non-compliance, and require a significant amount of work to get them back in compliance.

Kevin Beers, our Property Manager, has done a great job with the selection process. He has worked closely with a director to obtain the true acreage and locations of the POA's wetlands and preserves. Additionally, the team has formed a relationship with the SFWMD inspector gaining a wealth of knowledge as to what is required of the POA to manage the wetlands/preserves, and the current conditions of the areas. We were able to get SFWMD to waive weekly water level examinations and monthly vegetation record keeping. Both had to be placed into an official monthly report to the SFWMD and Martin County. This saved us a significant amount in vendor fees. Additionally, the inspector noted that nothing had been done since his visit in August 2022 to get the areas in compliance and District will need to take action. The team was able to get the inspector to agree to hold off and work with the POA and its new vendor as a "team" to get the POA's wetlands, preserves and lakes back in compliance. SFWMD performed an inspection in early September to form a baseline of the condition of the areas and highlight where initial work should be focused. Our vendor was with the inspector when the walk through is conducted as will the Property Manager/Director team. In six (6) months, the inspector will perform an additional review to ascertain the progress made. He has agreed that most of the extra work can be held off until the dry season begins (October thru March). If significant improvement has be made, he believes the SFWMD will give us an additional 6 months to complete the work to get the POA's wetlands/preserve and lakes back in compliance.

Out of the four vendors selected to bid, the Board selected SOLitude Lake Maintenance and signed a 16 month (September 2023 thru December 2024) contract with them which calls for monthly "work" visits. For the months of October through March there will be 2 visits per month to address the deferred maintenance in our wetlands and preserves. It should be noted that all bids were based on the "treat in place" mothed of maintaining the areas. Another treatment method is the "removal and treat" method. This method is significantly more costly and was outside our budgetary constraints. With the "treatment in place" method, there will be visible brown areas formed by the drying trees and vines. We will monitor the progress of the process and get quotes to remove drying items in high visibility locations. If the budget constraints allow, the POA can accept the bid.

Based on SOLitude's 16-month contract (ppears the cost of Preserve and Lake Maintenance for 2023, including the extra work, will be $31,000 and 2024 cost will be about $57,000 ($9,700 for lakes and $47,300 for preserves). The 2023 budget was $37,125 and there will be $31,000 remaining to cover the 2023 costs. The 2024 amount is an increase of $20,195 over the 2023 budget and this relates to an increase of $9 in the 2024 quarterly assessment. In the contract, SOLitude is required to submit a monthly report of the work performed along with a map showing the area worked on. This will allow the Property Manager and the Board to verify that the work is actually being completed. Additionally, a quarterly walk through is required with the vendor and the POA. SOLitude will make an extra preserve visit during the months of Oct. 2023 through March 2024.

Sale of Martin County lot at 2230 NW Windemere Drive:

On September 21, 2023 at 5 pm, Martin County auctioned off the Lot they owned in the Pines. That lot has been the home to a significant number of Gopher Tortoises for about the past 10 years. The developer sold the lot to the County back in May of 2006 which was going to put "wells" on it. Before and after May 2006, the developer used the lot as a construction and landscaping staging area. When the City of Stuart absorbed the Pines and most of Windemere/Reserve, Martin County's "well" plans were stopped. We do not know who the purchaser of the lot is or what the purchase amount was. The Board has asked our attorney to contact the County to obtain this information so the POA can contact the buyer and inform him/her of the POA's restrictions and requirements. The attorney stated the lot was purchased by an individual and closing is scheduled for Oct. 23, 2023. County would not disclose the purchase price until after closing. This will be the first construction of a home not performed by the developer since the community was built out.

The lot backs onto wetlands so the POA will require a complete survey of the lot and clear marking of the boundaries. Other requirements: signal residential home of at least 1,200 square feet that fits into the look and feel of our community, gopher tortoises must be properly relocated under a Florida Permit, all plans (home and landscaping) must be approved by the Board/ARB, removal of any oaks trees must be approved by the Board and the POA will have to file for a permit from the City of Stuart – all costs to be paid for by the owner, copy of all contractors' insurance certificates (liability, auto and workers comp) and a $10,000 construction deposit to ensure any and all damage to common property is properly repaired.

2024 Operating and Capital Budget:

The Treasurer and Property manager have started the 2024 budget process. Timeline of the process:

1. Sept. 27th – provide all Directors with the budget key assumptions, challenges, and major projects for 2024. Also, included in the information provided to the Directors was a writeup on each key vendor, their contract terms, rate increases, etc…
2. Oct. 25th BOD meeting – provide updated assumptions and challenges, forecast of 2023 and draft of the 2024 budget.
3. Nov. 13th BOD meeting – final 2024 budget presented and Director's to vote on it.
4. Nov. 20th, send out notice of 2024 Assessment and 2024 budget to the membership.

Below are the items we know as of now that will impact the 2024 Quarterly Assessment:

QUARTERLY ANNUAL ASSESSMENT

	Operating	Reserve	Total
2023 Quarterly Assessment	$167	$32	$199
Preserve/Lake Maintenance	9		9
Cable net revenue loss	7		7
Documents Legal & other fees	5	(PY Ops Surplus)	5
2022 Reserve Study Funding		24	24
Overall Expense Changes	??		??
PY Ops Surplus	(5)		(5)
EST. **2024 Quarterly Assessment**	$183	$56	$239

PINEAPPLE PLANTATION POA
BALANCE SHEET

July 2023	Current Month Operation	Current Month Reserve	Current Month Total	Prior Month Total	Net Change		
Assets							
Cash	253,120	32,818	285,938	239,532	46,406		
Reserve Investment - Merrill	-	638,000	638,000	638,000	-	[A]	POA invested reserve cash into CD's with Merrill. see note below.
Unrealized Gain (Loss)	-	(21,472)	(21,472)	(19,803)	(1,669)		
Investments, Net	-	616,528	616,528	618,197	(1,669)		
Accounts Receivables, Owners	19,919	-	19,919	11,246	8,672	[B]	A/R balances over 90 days total $9,916 or 50% of total A/R. There are 6 owners that make up 94% of the 90 day balance and 2 of them are on payment plans.
Allowance for Bad Debts	(5,933)	-	(5,933)	(5,933)	-		
Accounts Receivables, Net	13,986	-	13,986	5,313	8,672		
Receivable, Other	2,839	12,881	15,720	6,030	9,690		
Prepaid Expenses	10,474	-	10,474	12,983	(2,510)	[C]	Prepaid expenses consists mainly of annual pest & fertilizer services and insurance premiums.
Total Assets	280,419	662,228	942,646	882,057	60,590		
Liabilities & Equity							
Accounts Payables	4,960	-	4,960	4,362	598	[D]	A/P and Accrued Expenses will depend on the timing of invoice receipt, processing and payment.
Accrued Expenses	3,106	-	3,106	106	3,000		
Prepaid Maint. Fees	29,617	-	29,617	65,334	(35,717)	[E]	Prepaid Maint. Fees represents future quarterly Maint. Fees that owners have already paid.
Unearned Maint. Fees	75,299	-	75,299	1,152	74,147		
Total Liabilities	112,981	-	112,981	70,953	42,028		
Equity & Fund Bal.	167,438	662,228	829,666	811,103	18,563		
Total Liabilities & Equity	280,419	662,228	942,647	882,056	60,591		

Reserve Fund Investment: The $638,000 reserve 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%. Note 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.

One of the $72,000 CD's matured on July 31, 2023 and the proceeds, $81,000, were reinvested in a 7 month CD earning 5.3%.

PINEAPPLE PLANTATION POA
STATEMENT OF OPERATIONS

This Month Actual	This Month Budget	Fav (unfav) Variance	This Month Prior Year	July 2023	YTD Actual	YTD Budget	Fav (unfav) Variance	YTD Prior Year	Budget Total Year
				Revenue					
30,495	30,495	0	30,694	Maintenance Fees	214,635	213,466	1,169	214,856	365,941
2,417	2,417	0	0	Cable Access Fees	16,917	16,917	(0)	13,915	29,000
2,151	790	1,360	295	Late Fees & Other	4,316	5,532	(1,217)	538	9,484
35,063	33,702	1,360	30,988	**Total Revenues**	235,867	235,915	(47)	229,309	404,425
				Expenses					
6,250	6,250	0	5,788	Management Services	43,750	43,750	0	40,520	75,000
254	1,848	1,594	108	Professional Fees	13,645	12,939	(706)	12,122	22,181
987	1,061	74	1,210	Insurance	6,811	7,425	613	6,375	12,728
187	467	280	116	Supplies, Postage & Website	5,737	3,267	(2,471)	8,521	5,600
50	417	367	0	Misc. Expenses	(772)	2,917	3,688	853	5,000
685	547	(138)	390	General R&M	3,945	3,827	(118)	3,837	6,560
2,841	4,037	1,197	3,842	Street Utilities	24,010	28,261	4,251	25,604	48,447
5,769	7,917	2,148	5,800	Landscape Services	49,596	55,417	5,821	46,202	95,000
9,764	8,724	(1,041)	18,033	Irrigation Utilities/R&M	60,247	61,066	819	61,152	104,684
1,145	1,583	438	4,995	Lake/Preserve/Stormwater Mgt.	9,704	17,865	8,161	16,903	51,125
180	167	(13)	0	Security	2,613	1,167	(1,446)	752	2,000
28,112	33,017	4,905	40,282	**Total Expenses**	219,286	237,898	18,612	222,841	428,325
6,951	**685**	**6,266**	**(9,293)**	**Operating Contribution**	**16,581**	**(1,983)**	**18,565**	**6,468**	**(23,900)**
0	1,992	(1,992)	0	PY Ops Surplus Used for Shortfall	0	13,942	(13,942)	0	23,900
6,002	6,002	0	6,002	**Reserve Fees**	42,016	42,016	0	42,016	72,027

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

General R&M expenses included payroll cost for Advantage's maintenance person and other costs which do not fit another category.

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 Irrigation R&M budgeted amount is $34,000.

PINEAPPLE PLANTATION POA
RESERVE BALANCE ROLLFORWARD
As of July 2023

2023 Annual funding: $72,027

	ROADS, CURBS & SIDEWALKS	WALLS, FENCES & GATES	Landscape	INFRASTRUCTURE	WATER SYSTEMS	DRAINAGE	RECREATION	Common Other	Sub-Total	Interest	Unrealized Gain (loss)	Total
Beg. Bal Jan. 1	223,675	6,904	8,194	20,222	10,000	0	0	349,547	618,542	19,723	0	638,265
Funding								42,016	42,016	12,881	(21,477)	33,420
Transfer									0			0
Expenditure -								(9,457)	(9,457)			(9,457)
Expenditure -									0			0
Adjustment									0			0
End. Bal Feb. 28	223,675	6,904	8,194	20,222	10,000	0	0	382,106	**651,101**	32,604	(21,477)	662,227
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%. 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. Expenditures in 2023 related to the griding of the sidewalks to make them safe.