

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**

**(A Not-for-Profit Corporation)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**FRIEDMAN, FELDMESSER & KARPELES, CPA, LLC  
CERTIFIED PUBLIC ACCOUNTANTS**

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# FRIEDMAN, FELDMESSER & KARPELES CPA LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Kenneth R. Friedman, CPA  
Mark S. Feldmesser, CPA  
Richard L. Karpeles, CPA

To the Board of Directors  
North Fork Property Owners' Association Inc.  
Jupiter, Florida

We have reviewed the accompanying balance sheet of North Fork Property Owners' Association, Inc. as of December 31, 2020, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The supplementary information about future repairs and replacements on page 10 is not a required part of the basic financial statements but is supplementary information required by the American Institute of Certified Public Accountants. We have compiled the supplementary information from information that is the representation of management of North Fork Property Owners' Association, Inc., without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

*Friedman, Feldmesser & Karpeles, CPA, LLC*

Friedman, Feldmesser & Karpeles, CPA, LLC  
January 29, 2021

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**(A Not-for-Profit Corporation)**  
**BALANCE SHEET**  
**DECEMBER 31, 2020**

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 105,446	\$ 269,327	\$ 374,773
Assessments receivable	1,329	-	1,329
Accounts receivable - other	24	-	24
Prepaid insurance	6,997	-	6,997
Prepaid expense	10,181	-	10,181
TOTAL ASSETS	\$ 123,977	\$ 269,327	\$ 393,304
 <b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 5,568	\$ -	\$ 5,568
Prepaid maintenance assessments	24,827	-	24,827
Deferred reserve assessments revenue	-	229,625	229,625
TOTAL LIABILITIES	30,395	229,625	260,021
 <b>MEMBERS' EQUITY</b>			
Fund balances	93,581	39,702	133,283
MEMBERS' EQUITY	93,581	39,702	133,283
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 123,977	\$ 269,327	\$ 393,304

**The accompanying notes are an integral part of these statements.**

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>REVENUES</b>			
Maintenance assessments	\$ 145,573	\$ 23,728	\$ 169,302
Cable income	116,800	-	116,800
Security income	9,711	-	9,711
Application fees	1,050	-	1,050
Owner interest	473	-	473
Interest income	427	3,500	3,927
Other income	682	-	682
	<u>274,717</u>	<u>27,228</u>	<u>301,945</u>
Total Revenues			
<b>EXPENSES</b>			
Application fees	300	-	300
Cable	116,859	-	116,859
Electricity	6,676	-	6,676
Fees to state	61	-	61
Gate maintenance	3,981	-	3,981
General repairs and maintenance	7,283	-	7,283
Holiday lights	4,078	-	4,078
Insurance - D&O	1,477	-	1,477
Insurance - Liab - West Amenities	573	-	573
Insurance - Liability	6,811	-	6,811
Irrigation repairs	1,405	-	1,405
Lake fountain service (quarterly)	840	-	840
Landscape extras	32,120	-	32,120
Lawn maintenance	49,835	-	49,835
Lighting repairs	225	-	225
Mailbox repairs and maintenance	365	-	365
Management fee	21,840	-	21,840
Moorings Electric/ Water	147	-	147
Newsletter/ communications	144	-	144
Office supplies	2,665	-	2,665
Pool fountain maintenance	550	-	550
Pool fountain repairs	4,731	-	4,731
Pressure cleaning	5,871	-	5,871
Professional fees	5,628	-	5,628
Security expense	9,753	-	9,753
Telephone	2,664	-	2,664
Tree trimming	6,784	-	6,784
Water	2,286	-	2,286
West side - Repairs and maintenance	948	-	948
Replacement fund expenses	-	23,728	23,728
	<u>296,898</u>	<u>23,728</u>	<u>320,627</u>
Total Expenses			
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(22,182)	3,500	(18,682)
BEGINNING FUND BALANCES	<u>115,763</u>	<u>36,202</u>	<u>151,965</u>
ENDING FUND BALANCES	<u>\$ 93,581</u>	<u>\$ 39,702</u>	<u>\$ 133,283</u>

The accompanying notes are an integral part of these statements.

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>OPERATING ACTIVITIES:</b>			
Maintenance assessments collected	\$ 149,156	\$ 74,370	\$ 223,527
Cable income	116,800	-	116,800
Security income	9,711	-	9,711
Application fees	1,050	-	1,050
Owner interest	473	-	473
Interest income	427	3,500	3,927
Other income	682	-	682
Cash paid to suppliers of goods and services	(304,817)	(23,728)	(328,546)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(26,518)</b>	<b>54,142</b>	<b>27,624</b>
<b>INVESTING ACTIVITIES</b>			
Redemption of certificates of deposit	-	189,959	189,959
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>189,959</b>	<b>189,959</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(26,518)</b>	<b>244,101</b>	<b>217,583</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>131,964</b>	<b>25,226</b>	<b>157,190</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 105,446</b>	<b>\$ 269,327</b>	<b>\$ 374,773</b>
<b>RECONCILIATION OF EXCESS (DEFICIT) OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Excess (Deficit) of revenues over expenses	\$ (22,182)	\$ 3,500	\$ (18,682)
<b>(INCREASE) DECREASE IN:</b>			
Assessments receivable	(1,253)	-	(1,253)
Prepaid insurance	(468)	-	(468)
Prepaid expense	(483)	-	(483)
<b>INCREASE (DECREASE) IN:</b>			
Accounts payable and accrued expenses	(6,968)	-	(6,968)
Prepaid maintenance assessments	4,836	-	4,836
Deferred reserve assessments revenue	-	50,642	50,642
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (26,518)</b>	<b>\$ 54,142</b>	<b>\$ 27,624</b>

The accompanying notes are an integral part of these statements.

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 – ORGANIZATION**

North Fork Property Owners' Association, Inc. ("The Association") a Florida not-for-profit corporation, was incorporated in January 5, 1990, for the purpose of operating as a Homeowners' Association in Jupiter, Florida. The Association consists of 95 residential lots on the East side and 37 residential lots on the West side, a total of 132 residential lots in controlling, regulating, managing, maintaining and conserving the common areas of the community as described in the Declaration of Covenants, Conditions and Restrictions and as recorded in the Articles of Incorporation and By-Laws. All policy decisions are formulated by the Board of Directors.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of North Fork Property Owners' Association, Inc. is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied to the preparation of the financial statements.

*Basis of Accounting*

The accompanying financial statements include the assets, liabilities, fund balances, revenues, and expenses as determined using the accrual basis of accounting.

*Funds*

The Association is a not-for-profit organization which employs the fund method of accounting in order to properly account for restrictions on the expenditures resulting from actions of the Board of Directors, the Association voting membership, or applicable Florida Statute. The financial statements segregate the accounting for such funds as either Operating or Replacement Funds. At the end of the year, excess funds are retained by the fund generating such excess during the year.

The Operating Fund is used to account for financial resources available for the general operating of the Association. Disbursements from the Operating Fund are generally at the discretion of the Board of Directors and the Association's manager.

The Replacement Fund is generally used to account for assessments made for major repairs and replacements of common property, and related expenses. Disbursements from the Replacement Fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership. Interest income allocated to the Replacement Fund is maintained as a separate component of reserves.

*Cash and Cash Equivalents*

The Association considers all highly liquid financial instruments with maturity of 90 days or less at the time of issuance, to be cash equivalents. For presentation purposes, cash and cash equivalents is comprised of a checking account and interest bearing checking accounts.

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

*Prepaid Insurance*

Insurance premiums are expensed, prorata, over the coverage periods. Premiums representing coverage subsequent to the end of the year are recorded as prepaid expense.

*Capitalization Policy and Depreciation*

Ownership of the commonly owned assets is vested directly or indirectly in the unit owners and these assets are not deemed to be severable. Disposition of real and personal common property by the Association's Board of Directors is restricted. As a result, commonly owned assets are not capitalized in the Association's financial statements.

*Deferred Reserve Assessments Revenue*

The Association recognizes revenue from members as the related performance obligations are satisfied. A deferred reserve assessment is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. The balances of deferred reserve assessments as of the beginning and end of the year are \$178,983 (as restated-see Note 4) and \$229,625, respectively.

*Recently Issued Accounting Pronouncements, Not Yet Adopted*

In February 2016, the FASB issued ASU No. 2016-02, Leases. The standard will affect all entities that lease assets and will require lessees to recognize a lease liability and the right-of-use asset for all leases (except short-term leases that have a duration of less than one year) as of the date on which the lessor makes the underlying asset available to the lessee. For non-public entities, such as the Association, the new standard is effective for annual periods beginning after December 15, 2020. While the Association expects the adoption of this standard to result in an increase to its reported assets and liabilities, the Association has not yet determined the full impact that the adoption of this standard will have on its financial statements and related disclosures.

*Revenue Recognition*

Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the considerations we expect to be entitled to in exchange for those goods or services. The Association derives its revenue from operating assessments, reserve assessments, special assessments, and other ancillary sources. The Association has applied FASB ASC 606-10-10-4 since all contracts with its customers have similar characteristics and the Association expects that the effects on the financial statements of applying this guidance would not differ materially from applying the guidance to the individual contracts.

The Association has identified the following performance obligations:

- Operating Assessments – The performance obligation is the maintenance and management of the common area property and is met on a periodic basis throughout the year. Operating Assessments revenue is recognized on a periodic bases, as billed, and it is probable it will be collected.
- Reserve Assessments – The performance obligation is the expenditure of the assessed funds for the intended purpose. Reserve Assessments revenue is recognized when the related expenditures are made.



**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- Other Ancillary Revenues – The performance obligation is delivery of the underlying services. Revenue is recognized as the services are rendered.

In evaluating whether collectability of an amount of consideration is probable, the Association must consider the customer's (owner's) ability and intention to pay that amount of consideration when it is due. In instances where the Association's collection of fees is not probable (delinquent owners, foreclosures, etc.), it cannot recognize revenue.

*Maintenance Assessments*

Each homeowner is assessed a quarterly maintenance fee as determined by the Board of Directors based on an annual budget. The maintenance assessments shall be used for payment of the operation, maintenance, and management of the Association and the common property. A portion of the monthly maintenance assessments are collected on behalf of and remitted to the Master Property Owner Association. Additionally, the Association has the authority and power to levy and collect special assessments as determined by the Board of Directors and unit owners. The Association's policy is to retain legal counsel and place liens on units of members whose assessments are delinquent, which can be exercised through foreclosure proceedings. A reserve for doubtful accounts is established for delinquent accounts that still appear to be uncollectible after exhausting the aforementioned measures. Any excess assessments at year-end are retained by the Association for use in the following year.

*Interest earned*

The Association's policy is to allocate interest earned to the fund that holds the bank account.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Income Taxes*

The Association may elect, on an annual basis to file its Federal income tax return as a homeowners' association, or as a corporation. Homeowners' associations pay tax only on non-exempt income, such as interest and other non-pro-rata revenues less any related expenses. The Association has elected to file its 2020 federal income tax return on federal form 1120H under Section 528.

The Association follows the reporting and disclosure guidance for uncertainty in income taxes as defined in FASB ASC 740. The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statement when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of December 31, 2020, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. Generally, the Internal Revenue Service may review the returns for the past three years.

*Subsequent Events*

The subsequent events have been evaluated through January 29, 2021, the date the financial statements were available to be issued.

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Association maintains cash balances in three financial institutions located in Palm Beach County, Florida. Accounts are insured at each institution by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020, the Association had no uninsured cash balances.

**NOTE 4 – FUTURE MAJOR REPAIR AND REPLACEMENT FUNDS**

The Association has not established statutory replacement fund components, either from the developer at time of turn-over or by an affirmative vote of the membership. The Association accumulates funds for capital improvements and major repairs and replacements. The funds are being accumulated in separate interest-bearing accounts based on estimates of future needs for repairs and replacements of common property components as determined by the Board of Directors and are generally not available for normal operations. In 2012, the Association conducted an independent reserve study to estimate the remaining useful lives and replacement costs of the components and received a comprehensive report thereon to be effective from January 1, 2013 forward, based on the cash flow (pooling) method. An update to this study was done in 2018. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

**THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.**

Replacement Fund balances at December 31, 2020, consist of the following:

<b>COMPONENTS</b>	<b>Fund Balance 12/31/19</b>	<b>Deferred Reserve Balance 12/31/19</b>	<b>Budgeted Assessments</b>	<b>Interest Income</b>	<b>Expenses</b>	<b>Deferred Reserve Balance 12/31/20</b>	<b>Fund Balance 12/31/20</b>
General - pooled	\$ 20,000	\$ 165,363	\$ 69,100	\$ -	\$ (23,028)	\$ 211,435	\$ 20,000
Interest	15,889	-	-	3,378	-	-	19,267
	<u>35,889</u>	<u>165,363</u>	<u>69,100</u>	<u>3,378</u>	<u>(23,028)</u>	<u>211,435</u>	<u>39,267</u>
West Recreation	-	13,620	5,271	-	(700)	18,191	-
Interest-W. Rec	313	-	-	121	-	-	435
	<u>313</u>	<u>13,620</u>	<u>5,271</u>	<u>121</u>	<u>(700)</u>	<u>18,191</u>	<u>435</u>
Fund Bal	<u>\$ 36,202</u>	<u>\$ 178,983</u>	<u>\$ 74,371</u>	<u>\$ 3,500</u>	<u>\$ (23,728)</u>	<u>\$ 229,625</u>	<u>\$ 39,702</u>

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 – FUTURE MAJOR REPAIR AND REPLACEMENT FUNDS (CONT'D)**

It is the Association's policy to accumulate interest earnings in the pooled reserves and apportion the interest based on year-end balances.

Pursuant to FASB ASC 606, the Association recognizes replacement fund revenue from members as the related performance obligation are satisfied. For the year ended December 31, 2020, the Association recognized \$23,728 of member assessment revenue.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

The Association contracts annually with a property management company (the Manager) to provide management, administrative and accounting services. In 2020, the Association paid approximately \$21,840, for management fees. The agreement expires each year on November 30 and is automatically renewed from year to year, unless terminated or cancelled within 30 days written notice by either the Manager or the Association at any time with or without cause.

On January 1, 2015, the Association executed a five (5) year service agreement with a cable provider for broadband services to the Association, including, but not limited to; multi-channel video, high speed data, information and voice services. The agreement was negotiated through a consultant for a fixed fee plus a monthly payment based on the monthly cost for services, for the duration of the agreement. The initial payment under the terms of the agreement was \$51 per unit/per month, plus applicable taxes and fees. Future annual increases shall not exceed 5%. The Association paid \$116,859 for the services for the year ending December 31, 2020. The Association is on a month to month contract until the Board of Directors makes a final decision on a new contract.

In addition, the Association has various other contract services to maintain the common property, including lawn maintenance, pool maintenance and irrigation maintenance. These contracts have different expiration dates and renewal terms.

**SUPPLEMENTARY INFORMATION**

**NORTH FORK PROPERTY OWNERS' ASSOCIATION, INC.  
SCHEDULE OF FUTURE REPAIRS AND REPLACEMENTS  
DECEMBER 31, 2020**

The Association has not established statutory replacement fund components, either from the developer at the time of turn-over or by an affirmative vote of the membership. The Association adopted the Pooled method for funding the components of common property in 2010 and transferred existing balances in the straight-line reserves into the Pool in September 2011. In 2012, the Association contracted for a formal reserve study by a professional engineering firm. An update to this study was done in 2018.

The supplemental information in the table below for the estimated remaining useful lives and estimated future replacement cost of the components of common property is based on the 2018 reserve study update.

The following table presents significant information about the components of common property:

<u>Components</u>	<u>Estimated Remaining Useful Lives at 12/31/20</u>	<u>Estimated Future Replacement Costs</u>	<u>Replacement Fund Balance 12/31/20</u>	<u>Deferred Reserve Assessments at 12/31/20</u>	<u>2021 Budgeted Funding</u>
Pooled Items:					
Drainage/ water retention	1 - 18	\$ 138,602			
East/ West common areas	1 - 14	53,087			
Entrance area/ security	1 - 24	439,861			
Roadway/ walkway areas	1 - 17	582,798			
		<u>\$ 1,214,348</u>	<u>\$ 39,267</u>	<u>\$ 211,435</u>	<u>\$ 66,990</u>
West recreational	1 - 28	111,082	435	18,191	5,325
Total		<u>\$ 1,325,430</u>	<u>\$ 39,702</u>	<u>\$ 229,625</u>	<u>\$ 72,315</u>

Per the 2018 reserve study, reserve contributions are recommended for a one percent (1%) annual increase each year following 2019 in order to offset reserve item cost increases relating to inflation.

See accountants' review report and accompanying footnotes