

YKAZ CPA, PC

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December 11, 2014

Board of Directors and Unit Owners
Turnberry on the Green Condominium Association, Inc.

Dear Members:

We have audited the accompanying balance sheet for Turnberry on the Green Condominium Association, Inc., as of December 31, 2013, and the related statements of revenues, expenses, and changes in fund balances, and cash flows for the year then ended. These financial statements are the responsibility of the Association. 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 State of America. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. AN audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the over financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Turnberry on the Green Condominium Association, In., as of December 31, 2013, 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.

The supplementary information on future major repairs and replacements, as required by the American Institute of Certified Public Accountants and the detailed statement of operating revenues, and expenses – budget comparison are not a required part of the basic financial statements. Such information, except for that portion marked “unaudited” on which we express no opinion, has been subjected to audition procedures applied in the audit of the basic financial statements, and , in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alex Zolotuskiy, CPA

**Turnberry on the Green
Condominium Association**

Statements of Operations

Year Ended December 31, 2013

	Operating	Replacement	Total
	2013	2013	2013
	<hr/>	<hr/>	<hr/>
REVENUES			
Maintenance Fees	2,798,422		2,798,422
Estoppels/Condo Questionnaire	9,888		9,888
Legal Fee	26,033		26,033
Processing Fee	23,300		23,300
Application Fees	13,450		13,450
Late Fees	7,782		7,782
Rental Income	43,775		43,775
Reserve Income		351,983	351,983
Utility Reimbursement	35,067		35,067
Bad Debt Recovery	18,819		18,819
Misc Income	79,066		79,066
Interest Income	22,840	2,243	25,083
TOTAL REVENUES	\$ 3,078,442	\$ 354,226	3,432,668
EXPENSES			
Administration	404,959		404,959
Replacement Expenditures		588,419	588,419
Maintenance	1,048,390		1,048,390
Insurance	373,452		373,452
Utilities	606,394		606,394
Condo Fees	1,508		1,508
	<hr/> 2,434,703	<hr/> 588,419	<hr/> 3,023,122
Excess Revenues (Expenses)	\$ 643,739	\$ (234,193)	\$ 409,546
FUND BALANCE - BEGINNING	978,303	198,391	1,176,694
Surpluss Rollover			
Interfund Transfer	<hr/> (234,598)	<hr/> 652,587	<hr/> 417,989
FUND BALANCE - ENDING	<hr/> \$ 1,387,444	<hr/> \$ 616,785	<hr/> \$ 2,004,229

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

**Turnberry on the Green
Condominium Assosiation**

**Balance Sheets
Year Ended December 31, 2013**

ASSETS

	Operating	Replacement	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,359,110	\$ 616,785	\$ 1,975,895
Cash - Security Deposits	290,113		290,113
Unit Owner Receivable	2,138		2,138
Other Receivable	60,695		60,695
Prepaid Expenses	6,604		6,604
Utility Deposits	3,502		3,502
Prepaid Insurance	94,191		94,191
Total current assets	\$ 1,816,353	616,785	2,433,138
TOTAL ASSETS	\$ 1,816,353	\$ 616,785	2,433,138

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 55,775	-	55,775
Accrued Expenses	52,052	-	52,052
Security Deposits Payable	290,113	-	290,113
Prepaid Owner Assessments	27,222	-	27,222
Insurance Note Payable	3,747	-	3,747
Total Current Liabilities	428,909	-	
TOTAL LIABILITIES	\$ 428,909	\$ -	428,909
MEMBERS' EQUITY (DEFICIT)			
Fund Balance	1,387,444	616,785	2,004,229
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	\$ 1,816,353	\$ 616,785	2,433,138

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

**Turnberry on the Green
Condominium Association**

Statements of Cash Flows

December 31, 2013

	Operating Fund 2013	Replacement Fund 2013	Total 2013
OPERATING ACTIVITIES			
Excess Revenues (Expenses)	\$ 643,739	\$ (234,193)	\$ 409,546
ADJUSTMENTS TO RECONCILE EXCESS REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Developer/Artwork Adjustment	(237,699)	652,588	414,889
Prior Year Surplus			
Changes in Operating Assets:			
Increase (decrease) in			
Unit Owner Receivable (Net of Allowance)	5,459		5,459
Other Receivable	18,582		18,582
Utility Deposits	(7)		(7)
Prepaid Expenses	18,744		18,744
Prepaid Insurance	(20,485)		(20,485)
			0
Changes in Operating Liabilities:			
Increase (decrease) in			
Accounts Payable	(48,400)		(48,400)
Accrued Expenses	(11,091)		(11,091)
Security Deposits	22,381		22,381
Prepaid Maintenance Fees	8,028		8,028
Insurance Payable	3,747		3,747
Net Cash used in operating activities	(240,741)	652,588	411,847
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	402,998	418,395	821,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	\$ 1,246,225	\$ 198,390	\$ 1,444,615
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,649,223	616,785	2,266,008

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

**Turnberry on the Green
Condominium Association**

**NOTES TO FINANCIAL STATEMENTS
Continued**

December 31, 2013

The Association conducted an independent study as of December 31, 2010 to estimate the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on estimates from historical experience. Actual expenditures may vary from these estimated amounts and the variance may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available.

<u>COMPONENTS</u>	<u>Estimated Remaining Useful Lives</u>	<u>Estimated Current Replacement Costs</u>	<u>2013 Funding Requirement</u>
Roofing	10-21 Years	537,732	34,692
Paving	1-5 Years	482,616	160,872
Painting	9-21 Years	88,422	5,895
Elevators	7-21 Years	1,069,000	76,357
Mechanical & Electrical	1-31 Years	2,525,241	157,828
Misc Building Components	1-22 Years	1,294,045	112,526
Misc Site Improvements	1-31 Years	414,840	25,928
Furniture, Fixture & Equipment	1-13 Years	480,480	68,640
Unallocated Interest			
 TOTALS		 \$ <u><u>6,892,376</u></u>	 <u><u>642,737</u></u>

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

TURNBERRY ON THE GREEN
CONDOMINIUM ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. ORGANIZATION

Turnberry on the Green Condominium Association, Inc. is a non-for profit; non-stock corporation organized pursuant to Chapter 718 of the Florida Statutes. The association was formed to maintain and protect the common areas owned by the individual unit owners in common, and consists of 377 residential units and 2 commercial units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Association uses the accrual method of accounting, i.e., revenues are recognized as earned and expenses are recorded in the period in which they are incurred.

Fund Accounting

The Association's governing documents provide certain guidelines for governing its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund account. 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 the general operations of the Association.

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

Use of Estimates

The Association uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual result could vary from the estimates that were used.

Cash and Cash Equivalents

For presentation purposes, the Association consolidates checking, money market and mutual funds, certificates of deposits, and treasury bills. However these financial statements combine cash, cash equivalents and investments for presentation purposes.

TURNBERRY ON THE GREEN
CONDOMINIUM ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Capitalization and Depreciation Policy

Real property not directly associated with units is recognized as assets by the association when the Association has title to the property and either the asset can be disposed by the Board of Directors or generates significant cash flows from members on the basis of usage or from non-members. Common personal property purchased with Association funds, with a useful life of more than one year, is capitalized on the Association's financial statements. Capitalized assets are depreciated over their estimated useful lives using the straight-line method of depreciation. As of December 31, 2009, the Association has elected to expense the assets previously capitalized.

Fair Value Measurement

Under FASB ASC 820, Fair Value Measurements and Disclosures, 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 principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and the fair value of its financial assets and liabilities at December 31, 2013 and therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2013.

Subsequent Events

The subsequent events have been evaluated through August 31, 2013 the date the financial statements were made available to be issued. As of that date, there are no subsequent events to be reported.

3. MAINTENANCE ASSESSMENTS

The Association Declaration provides that each owner is chargeable for their proportionate share of common expenses based upon the budget adopted. The Association has lien rights on the event of delinquent assessments, which can be exercised through foreclosure proceedings. The Association provides an allowance for losses on receivables based on a review of the current status of existing receivables, where applicable.

4. REPLACEMENT FUNDS

Florida Statutes provide that each proposed budget include provisions for reserves for capital improvements and deferred maintenance. The accounts, if adopted, are restricted to their intended purpose unless modified by a qualified unit owner vote. In addition, any special assessments are adopted are also restricted to their specific purpose.

TURNBERRY ON THE GREEN
CONDOMINIUM ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

At a duly constituted meeting, the Association elected to waive reserve funding for the current fiscal year. Actual expenditures may vary from the estimated future expenditures for repairs and replacements of common property components. As disclosed in the supplemental information and the variations may be material. Therefore, amounts accumulated in the replacement fund may or 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.

5. INCOME TAXES

The Association is subject to Federal and state taxation and has essentially two methods to determine the amount of tax, if any, it must pay. Under one method, the excess of revenues from members over related expenditures is subject to taxation unless such excess is returned to the unit owners or applied to the following year's assessments. The other method enables the Association to elect to exclude from taxation "exempt function income", which generally consists of revenue from unit owner assessments. Under either method, the Association may be subject to tax on investment income and other non-exempt income, but at different rates.

The Association has filed its 2013 Federal income tax return on Form 1120H under Section 528 of the Internal Revenue Code.

The Association has no income tax returns under examination by the Internal Revenue Service. However, the Association's Federal income tax returns for 2011, 2012, and 2013 are subject to examination, generally for the three years after they have been filed.

There is no current year provision for income taxes.

6. CONCENTRATION OF CREDIT RISK

As of December 13, 2013, the Association maintained cash and cash equivalent balances, which exceeded the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The association has not experienced any losses related to these cash balances and believes it is not exposed to any significant risk.

7. COMMITMENTS

The Association has various contract services to maintain the common property including management services, cable television service, common area landscaping, pool service, trash services, and pest control and an obligation to fund maintenance fees on commercial unit CU-1. These contracts have different expiration dates and renewal terms.

TURNBERRY ON THE GREEN
CONDOMINIUM ASSOCIATION, INC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

8. FORECLOSED UNITS

The Association has taken title to 4 units subject to the first mortgage. The Association is not liable for the mortgage and doesn't reflect the units as an asset based on its estimate of no net realizable value. The rental income and expense, if any, are credited to the unit balance.