

VERANDAH COMMUNITY ASSOCIATION, INC.
FORT MYERS, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014



Myers, Brettholtz & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Verandah Community Association, Inc.

We have audited the accompanying financial statements of Verandah Community Association, Inc., which comprise the balance sheet as of December 31, 2014, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

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 States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Verandah Community Association, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors of
Verandah Community Association, Inc.

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 on page 14 be presented to supplement the basic financial statements. Such information, although not a 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. We 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating fund revenues and expenses - budget to actual, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the 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 our opinion, the 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, we do not express an opinion or provide any assurance on it.



MYERS, BRETT HOLTZ & COMPANY, PA
Fort Myers, Florida
July 23, 2015

VERANDAH COMMUNITY ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2014

	FUNDS		
	Operating	Replacement	Total
ASSETS			
Cash	\$ 820,826	\$ 119,511	\$ 940,337
Certificates of deposit	-	2,800,000	2,800,000
Accounts receivable - members, net	79,265	-	79,265
Accounts receivable - other	91,727	-	91,727
Interest receivable	-	175	175
Prepaid expenses	11,268	-	11,268
Deposits	1,774	-	1,774
Property and equipment, net	602,244	-	602,244
Due from operating fund	-	26,169	26,169
	<u>\$ 1,607,104</u>	<u>\$ 2,945,855</u>	<u>\$ 4,552,959</u>
Total assets			
	<u>\$ 1,607,104</u>	<u>\$ 2,945,855</u>	<u>\$ 4,552,959</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 7,775	\$ -	\$ 7,775
Accrued payroll	13,759	-	13,759
Assessments received in advance	893,537	-	893,537
Due to replacement fund	26,169	-	26,169
	<u>941,240</u>	<u>-</u>	<u>941,240</u>
Total liabilities	<u>941,240</u>	<u>-</u>	<u>941,240</u>
FUND BALANCES			
Fund balances	63,620	2,945,855	3,009,475
Equity in property and equipment	602,244	-	602,244
	<u>665,864</u>	<u>2,945,855</u>	<u>3,611,719</u>
Total fund balances	<u>665,864</u>	<u>2,945,855</u>	<u>3,611,719</u>
Total liabilities and fund balances	<u>\$ 1,607,104</u>	<u>\$ 2,945,855</u>	<u>\$ 4,552,959</u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

VERANDAH COMMUNITY ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	FUNDS		
	Operating	Replacement	Total
REVENUES			
Assessments - residents	\$ 2,050,248	\$ 358,000	\$ 2,408,248
Assessments - club	84,909	-	84,909
Late fees and interest	30,865	-	30,865
Interest	1,183	10,084	11,267
Other	80,344	-	80,344
Total revenues	<u>2,247,549</u>	<u>368,084</u>	<u>2,615,633</u>
EXPENSES			
Cost of sales	42,829	-	42,829
Cable	778,518	-	778,518
Management fee	66,788	-	66,788
Legal and accounting	1,969	-	1,969
Administration compensation and benefits	110,886	-	110,886
Insurance - casualty	11,162	-	11,162
Other	50,384	-	50,384
Common area maintenance compensation and benefits	111,624	-	111,624
Landscape contractor	466,747	-	466,747
Landscape supplies and irrigation	433,877	-	433,877
Community patrol/gatehouse operations compensation and benefits	363,997	-	363,997
Gatehouse operations	60,382	-	60,382
Fairway cove	25,351	-	25,351
Woodhaven	1,350	-	1,350
Replacement	-	3,831	3,831
Total expenses	<u>2,525,864</u>	<u>3,831</u>	<u>2,529,695</u>
(Deficiency) excess of revenues over expenses	(278,315)	364,253	85,938
FUND BALANCES - January 1, 2014	879,345	2,646,436	3,525,781
INTERFUND TRANSFER	<u>64,834</u>	<u>(64,834)</u>	<u>-</u>
FUND BALANCES - December 31, 2014	<u>\$ 665,864</u>	<u>\$ 2,945,855</u>	<u>\$ 3,611,719</u>

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VERANDAH COMMUNITY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	FUNDS		
	Operating	Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Assessments, late fees and interest collected	\$ 1,904,043	\$ 398,000	\$ 2,302,043
Interest received	1,192	10,063	11,255
Other revenue received	80,344	-	80,344
Cash paid for expenditures	(2,604,230)	(3,831)	(2,608,061)
Net cash (used) provided by operating activities	(618,651)	404,232	(214,419)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of certificates of deposit	-	(2,800,000)	(2,800,000)
Proceeds from redemptions of certificates of deposit	715,000	2,500,000	3,215,000
Purchases of property and equipment	(78,336)	-	(78,336)
Net cash provided (used) by investing activities	636,664	(300,000)	336,664
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund reimbursement	42,745	(42,745)	-
Interfund transfer	64,834	(64,834)	-
Net cash provided (used) by financing activities	107,579	(107,579)	-
Net increase (decrease) in cash	125,592	(3,347)	122,245
CASH - January 1, 2014	695,234	122,858	818,092
CASH - December 31, 2014	\$ 820,826	\$ 119,511	\$ 940,337

	FUNDS		
	<u>Operating</u>	<u>Replacement</u>	<u>Total</u>
RECONCILIATION OF (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES TO NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES			
(Deficiency) excess of revenues over expenses	\$ (278,315)	\$ 364,253	\$ 85,938
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash (used) provided by operating activities:			
Depreciation	63,782	-	63,782
Recovery of bad debt	(75,945)	-	(75,945)
Changes in:			
Accounts receivable - members	48,228	-	48,228
Accounts receivable - other	(54,299)	40,000	(14,299)
Interest receivable	9	(21)	(12)
Prepaid expenses	3,212	-	3,212
Deposits	8,293	-	8,293
Accounts payable	(100,362)	-	(100,362)
Accrued payroll	1,008	-	1,008
Assessments received in advance	(234,262)	-	(234,262)
Total adjustments	<u>(340,336)</u>	<u>39,979</u>	<u>(300,357)</u>
Net cash (used) provided by operating activities	<u>\$ (618,651)</u>	<u>\$ 404,232</u>	<u>\$ (214,419)</u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - THE ASSOCIATION

Verandah Community Association, Inc. (the "Association") was incorporated on September 19, 2002, under the laws of Florida as a corporation not-for-profit, to operate and manage Verandah (the "Community"), a planned community consisting of 1,648 single and multi family lots developed in two phases, located in Fort Myers, Florida. The owners of all lots in the Association are the only members. As of December 31, 2014, 1,034 lots had been sold.

The Association's geographical territory is encompassed within the Verandah East Community Development District and the Verandah West Community Development District, which are local limited purpose independent government agencies designed to provide the community related services to its residents by maintaining the infrastructure owned by the community development districts.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 23, 2015, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association prepares its financial statements on the accrual basis and presents them as separate funds based on its different funding policies for operations and major repairs and replacements.

The operating fund reflects the operating portion of the annual assessments billed to the lot owners to meet the various day-to-day expenditures incurred in the administration, maintenance, and operation of the Community and recreational facilities.

The replacement fund is composed of the initial and resale contributions designated in the budget to fund future major repairs and replacements, as further described in Note 8.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are generally considered delinquent when they are 30 days past due. The Association accounts for potential losses in accounts receivable utilizing the allowance method. The Association maintains an allowance for uncollectible accounts at an amount that it believes is sufficient to provide adequate protection against future losses. Provisions for losses are determined principally on the basis of experiences in the preceding years, taking into account historical losses, industry standards and current economic conditions. All accounts or portions thereof deemed to be uncollectible are included in the allowance for uncollectible accounts. There was no provision for uncollectible accounts expense for the year ended December 31, 2014.

Common Property

Ownership of the commonly owned assets is vested directly or indirectly in the lot owners and those assets are not deemed to be severable. As a result, commonly owned assets are not recorded in the Association's financial statements. Improvements and repairs are expensed in the period in which they occur. Common property not capitalized consists of a gate house, dog park, kayak launch and kayaks, Blossoms meeting room, Oak Park, landscaping, roads, sidewalks and buffer.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment that meets the criteria for capitalization is recorded at cost and depreciated on a straight-line basis over the estimated useful life of the related asset. The capitalization threshold is \$1,500. Management reviews property and equipment for possible impairments whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management evaluates the valuation and depreciation, as applicable, of the Association's long lived assets. Any write-down due to impairment is charged to operations at the time impairment is identified. No impairments have been recorded during the year ended December 31, 2014. Improvements and repairs are expensed in the period in which they occur. See Note 6 for additional information.

Income Taxes

Management has analyzed its various federal filing positions and believes that the Association's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The Association's federal income tax returns remain subject to examination by the Internal Revenue Service, for three years from the date of filing

The Association has elected to be taxed as a homeowners' association in accordance with Internal Revenue Code Section 528. Under that Section, the Association is not taxed on uniform assessments to members and other income received from Association members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its investment income and other non-exempt function income, less allocable expenses. There are no temporary differences between the financial reporting and tax reporting with respect to the non-exempt function income; therefore, no deferred tax provision has been recorded. The Association incurred no federal income tax liability for the year ended December 31, 2014. There is no state income tax imposed on the Association.

Fair Value of Financial Instruments

Substantially all of the Association's assets and liabilities, excluding prepaid expenses, property and equipment and assessments received in advance, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument.

Revenue Recognition

Assessments revenue is recognized monthly in the amount of the membership assessment allocation specified for current period operations, based on the annual budget, adopted by the Board. Each lot owner is an Association member and an equal portion of the maintenance fees is assessed for each lot.

Late charges and interest revenue is recognized when collected.

VERANDAH COMMUNITY ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2014

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Flows

The Association made no cash payments for income tax or interest during the year ended December 31, 2014.

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 as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances and certificates of deposit at various financial institutions. Accounts and certificates of deposit at the institutions are insured by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2014, the uninsured balance was \$646,769, based on the bank statement balances, less the FDIC insurance.

NOTE 5 - ACCOUNTS RECEIVABLE - MEMBERS

Accounts receivable - members, as of December 31, 2014, consisted of the following:

Assessments	\$ 166,918
Less: Allowance for uncollectible accounts	<u>(87,653)</u>
	<u>\$ 79,265</u>

NOTE 6 - PROPERTY AND EQUIPMENT

As of December 31, 2014, property and equipment consisted of the following:

	Estimated Useful Lives	Amount
Walls and fences	15 years	\$ 11,277
Decks and gazebos	15 - 22 years	52,452
Furniture, fixtures and equipment	5 - 15 years	175,011
Bikepaths and sidewalks	7 - 40 years	417,114
Vehicles	3 - 5 years	13,814
Irrigation system	15 years	86,160
		<u>755,828</u>
Less: accumulated depreciation		<u>(153,584)</u>
		<u>\$ 602,244</u>

Depreciation expense for the year ended December 31, 2014 was \$63,782.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consisted of 2015 assessments received by the Association prior to January 1, 2015.

NOTE 8 - REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements. An initial reserve assessment for the purpose of future major repairs and replacement is levied against all non-exempt property at the time of sale. In addition a resale reserve assessment is levied upon the purchase of all resale properties. The Association's policy is to retain the interest earned on replacement cash, in the replacement fund.

The Association has adopted the pooling method of funding.

The 2015 proposed budgeted funding is \$416,000, as shown in the unaudited supplementary information. The components' actual replacement costs, useful lives, and investment income may vary from estimated amounts and the variation may be material. Therefore, the Association's replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Board, on behalf of the Association, has the power to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

NOTE 9 - ASSESSMENTS - CLUB

In consideration of its access and use of the access areas and the benefits which is derived from the proper maintenance of the Verandah Club (the "Club"), the Club pays the Association an annual maintenance fee. The fee is based on 15% of the joint area cost as defined in the Verandah Covenant to Share Cost Agreement between the Club and the Association. The annual maintenance fee assessed to the Club was \$84,909 for the year ended December 31, 2014. As of December 31, 2014, \$21,227 was due to the Association and is included in accounts receivable - other.

NOTE 10 - DEVELOPER GUARANTEE

In accordance with Article 8.7(b) of the Declaration of Covenants, Conditions and Restrictions for Verandah, during the Class "B" membership, Declarant may satisfy its obligation for assessments on units which it owns and are subject to assessments or for which is it contractually obligated to fund a builder's assessment obligation either by: (i) paying such assessments in the same manner as any other owner, or (ii) by paying the difference between the amount of assessments levied on all other units subject to assessments plus other income of the Association and the amount of actual expenditures by the Association (excluding any amounts in the budget of common expenses for capital and contingency reserves) during the fiscal year. Unless the Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of the Declarant's election, the Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" membership, the Declarant shall pay assessments on its unsold units in the same manner as any other owner.

Kolter Group, LLC (the "Developer") is the subsequent developer of the Community. Certain Board members are employees of the Developer. During the year ended December 31, 2014, there was no amount due to the Association from the Developer.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 11 - RETIREMENT PLAN

The Association participates in the Veritas Employer Services Retirement Savings Plan which covers all employees with at least one year of service having completed a minimum of 1,000 hours of service. Under the terms of the Plan, the Association contributes an amount determined by management. The amount contributed was \$5, for the year ended December 31, 2014, and is included in administration compensation and benefits.

NOTE 12 - COMMITMENTS

The Association has a ten-year water service agreement ending October 5, 2022. The contract automatically renews for two successive five-year periods.

The Association has a five-year cable service agreement ending October 1, 2019. The agreement shall automatically renew for successive periods of one year.

SUPPLEMENTARY INFORMATION

VERANDAH COMMUNITY ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON
 FUTURE MAJOR REPAIRS AND REPLACEMENTS
 DECEMBER 31, 2014
 (Unaudited)

An independent appraiser conducted a study during 2014, to estimate the remaining useful lives and the replacement costs of the components of common property. The following table is based on the study and represents significant information about the components of common property. Amounts are based on normal operation and without the effect of potential catastrophic occurrences.

Components	Estimated Useful Lives	Estimated Remaining Useful Lives	Estimated Current Replacement Costs	2015 Proposed Budgeted Funding
Asphalt pavement	3 - 35 years	1 - 28 years	\$ 5,592,342	
Concrete curbs and gutters	65 years	8 - 11 years	1,951,067	
Pavers	25 - 30 years	13 - 18 years	312,377	
Light poles and fixtures	20 - 25 years	12 years	17,209	
Perimeter walls	10 - 15 years	6 years	632,464	
Maintenance equipment	5 - 10 years	2 years	50,482	
Playground equipment	15 - 25 years	1 - 10 years	146,975	
Signage	15 - 25 years	8 - 13 years	374,975	
Catch basins	15 - 20 years	11 years	347,950	
Fences	25 years	12 years	115,252	
Gate houses and gates	8 - 35 years	1 - 23 years	408,680	
Roofs	25 years	13 - 24 years	38,356	
Split system	12 - 18 years	16 years	9,342	
Furniture	10 years	9 years	56,050	
Renovation	20 - 25 years	11 years	67,026	
Landscape	5 years	1 year	755,309	
Vehicles	3 - 15 years	1 - 9 years	678,813	
Reserve study update	2 years	2 years	4,750	
			<u>\$ 11,559,419</u>	<u>\$ 416,000</u>

Estimated current replacement costs are based on the assumption that the rate of investment income earned on replacement funds will be 1% and the rate of inflation 2.7%.

VERANDAH COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
REVENUES			
Assessments - residents	\$ 2,312,509	\$ 2,050,248	\$ (262,261)
Assessments - club	100,000	84,909	(15,091)
Late fees and interest	26,000	30,865	4,865
Interest	1,200	1,183	(17)
Other	26,400	80,344	53,944
 Total operating fund revenues	 <u>2,466,109</u>	 <u>2,247,549</u>	 <u>(218,560)</u>
EXPENSES			
COST OF SALES			
Ticket sales	8,400	24,095	(15,695)
Holiday events	8,000	3,829	4,171
Social other	11,200	14,568	(3,368)
Bus trips	-	337	(337)
Total cost of sales	<u>27,600</u>	<u>42,829</u>	<u>(15,229)</u>
 CABLE	 <u>793,984</u>	 <u>778,518</u>	 <u>15,466</u>
 MANAGEMENT FEE	 <u>65,131</u>	 <u>66,788</u>	 <u>(1,657)</u>
 LEGAL AND ACCOUNTING	 <u>6,000</u>	 <u>1,969</u>	 <u>4,031</u>
ADMINISTRATION COMPENSATION AND BENEFITS			
Exempt	54,898	54,877	21
HR administration	1,806	2,913	(1,107)
W/S billed labor	18,300	17,686	614
Non exempt	18,200	23,848	(5,648)
P/T taxes	6,197	8,859	(2,662)
Insurance	8,076	72	8,004
Insurance - workers compensation	3,048	2,626	422
Benefits - 401K	-	5	(5)
Total administration compensation and benefits	<u>110,525</u>	<u>110,886</u>	<u>(361)</u>
 INSURANCE - CASUALTY	 <u>12,024</u>	 <u>11,162</u>	 <u>862</u>

Read Independent Auditor's Report.

VERANDAH COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
OTHER			
Banking fees	2,500	686	1,814
Licenses and fees	600	715	(115)
Postage	2,450	91	2,359
Paper and printing	5,000	807	4,193
Service agreements	300	162	138
Residence meeting	500	35	465
Dues and subscriptions	480	126	354
Office supplies	1,500	1,076	424
Decorations	4,000	3,169	831
Expendable	2,200	3,903	(1,703)
Noncapital equipment	3,700	4,185	(485)
Electric	3,200	2,187	1,013
Phone	2,520	1,952	568
Sewer /water	1,300	129	1,171
Accounting services	8,000	8,805	(805)
Contract services	20,163	20,584	(421)
Building repairs and maintenance	2,000	767	1,233
Equipment repairs	1,000	361	639
Employee relations	100	-	100
Depreciation	586	644	(58)
Total other	<u>62,099</u>	<u>50,384</u>	<u>11,715</u>
COMMON AREA MAINTENANCE COMPENSATION AND BENEFITS			
Exempt	44,133	48,334	(4,201)
HR administration	2,250	2,376	(126)
Nonexempt	46,958	47,998	(1,040)
P/T taxes	7,935	8,112	(177)
Insurance	8,076	928	7,148
Insurance - workers' compensation	3,826	3,792	34
Other benefits	1,103	84	1,019
Total common area maintenance compensation and benefits	<u>114,281</u>	<u>111,624</u>	<u>2,657</u>
LANDSCAPE CONTRACTOR	<u>457,080</u>	<u>466,747</u>	<u>(9,667)</u>

Read Independent Auditor's Report.

VERANDAH COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
LANDSCAPE SUPPLIES AND IRRIGATION			
Service agreements	5,710	5,520	190
Equipment	1,500	2,485	(985)
Annuals	11,565	10,988	577
Expendable	3,120	2,589	531
Pesticides	3,050	2,179	871
Fertilizer	1,500	886	614
Fuel	10,200	4,844	5,356
Sub-irrigation	7,820	3,841	3,979
Tools	1,500	1,205	295
Potting soil	7,000	4,800	2,200
Mulch	110,514	104,391	6,123
Noncapital equipment	2,650	1,234	1,416
Plant replacement	15,000	14,958	42
Uniforms	1,180	686	494
Electric	1,920	2,507	(587)
Phone	240	299	(59)
Irrigation - utility	83,500	88,096	(4,596)
Electric - landscape sign	1,716	2,938	(1,222)
Street lights	54,600	57,822	(3,222)
Contract services	78,050	52,008	26,042
Equipment - repairs	9,590	4,852	4,738
Irrigation - repair	15,100	11,882	3,218
Landscape	-	940	(940)
Depreciation	35,486	51,927	(16,441)
Total landscape supplies and irrigation	<u>462,511</u>	<u>433,877</u>	<u>28,634</u>
COMMUNITY PATROL/GATEHOUSE OPERATIONS			
COMPENSATION AND BENEFITS			
Exempt	32,435	36,589	(4,154)
HR administration	7,119	7,786	(667)
Nonexempt	255,790	277,118	(21,328)
P/T taxes	26,146	28,314	(2,168)
Insurance	8,076	1,855	6,221
Insurance -workers' compensation	3,826	12,274	(8,448)
Other benefits	811	61	750
Total community patrol/gatehouse operations compensation and benefits	<u>334,203</u>	<u>363,997</u>	<u>(29,794)</u>

Read Independent Auditor's Report.

VERANDAH COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
GATEHOUSE OPERATIONS			
Cleaning	1,000	1,237	(237)
Paper and printing	4,175	2,935	1,240
Office supplies	1,500	2,099	(599)
Expendable	1,000	636	364
Fuel	12,000	9,677	2,323
Noncapital equipment	300	346	(46)
Safety equipment	200	-	200
Uniforms	1,800	1,400	400
Electric	3,535	1,808	1,727
Phone	4,800	10,017	(5,217)
Sewer and water	1,560	1,438	122
Contract services	4,085	5,568	(1,483)
Building repairs and maintenance	4,535	734	3,801
Equipment - repairs	1,800	537	1,263
Access control repairs and maintenance	2,500	2,289	211
Pest control	800	288	512
Vehicle	3,700	4,038	(338)
Auto and truck	5,772	4,124	1,648
Depreciation	19,064	11,211	7,853
Total gatehouse operations	<u>74,126</u>	<u>60,382</u>	<u>13,744</u>
FAIRWAY COVE			
Service agreement	2,080	-	2,080
Mulch	5,120	3,910	1,210
Electric	320	-	320
Contract services	480	-	480
Moving contract	24,000	21,441	2,559
Total fairway cove	<u>32,000</u>	<u>25,351</u>	<u>6,649</u>
WOODHAVEN			
Service agreement	1,144	-	1,144
Mulch	2,816	-	2,816
Electric	176	-	176
Contract services	264	-	264
Mowing contract	13,200	1,350	11,850
Total woodhaven	<u>17,600</u>	<u>1,350</u>	<u>16,250</u>
 Total operating fund expenses	 <u>2,569,164</u>	 <u>2,525,864</u>	 <u>43,300</u>
 Deficiency of revenues over expenses	 <u>\$ (103,055)</u>	 <u>\$ (278,315)</u>	 <u>\$ (175,260)</u>

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