

VERANDAH COMMUNITY ASSOCIATION, INC.
FORT MYERS, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

**Myers
& Brett
Brettholtz
& COMPANY, PA**

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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, 2015, 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, 2015, 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 performed 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, that 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, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
August 11, 2016

VERANDAH COMMUNITY ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2015

	FUNDS		
	Operating	Replacement	Total
ASSETS			
Cash	\$ 608,380	\$ 231,499	\$ 839,879
Certificates of deposit	900,000	2,800,000	3,700,000
Accounts receivable - members, net	27,123	-	27,123
Accounts receivable - other	33,165	-	33,165
Due from Developer	14,576	-	14,576
Interest receivable	2	448	450
Prepaid expenses	12,587	-	12,587
Deposits	1,883	-	1,883
Property and equipment, net	-	684,161	684,161
Due from operating fund	-	74,900	74,900
	<u>\$ 1,597,716</u>	<u>\$ 3,791,008</u>	<u>\$ 5,388,724</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 91,132	\$ -	\$ 91,132
Accrued payroll	15,087	-	15,087
Assessments received in advance	1,416,597	-	1,416,597
Due to replacement fund	74,900	-	74,900
	<u>1,597,716</u>	<u>-</u>	<u>1,597,716</u>
FUND BALANCES			
Fund balances	-	3,106,847	3,106,847
Equity in property and equipment	-	684,161	684,161
	<u>-</u>	<u>3,791,008</u>	<u>3,791,008</u>
Total liabilities and fund balances	<u>\$ 1,597,716</u>	<u>\$ 3,791,008</u>	<u>\$ 5,388,724</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, 2015

	FUNDS		
	Operating	Replacement	Total
REVENUES			
Assessments - residents	\$ 2,177,428	\$ 310,000	\$ 2,487,428
Assessments - Club	50,000	-	50,000
Developer subsidy	14,576	-	14,576
Late fees and interest	10,376	-	10,376
Interest	690	11,265	11,955
Other	113,064	-	113,064
Total revenues	2,366,134	321,265	2,687,399
EXPENSES			
Cost of sales	15,049	-	15,049
Administration	858,565	-	858,565
Community patrol	438,181	-	438,181
Grounds maintenance	1,030,499	-	1,030,499
Fairway Cove	65,610	-	65,610
Woodhaven	21,850	-	21,850
Depreciation	-	75,531	75,531
Replacement	-	2,825	2,825
Total expenses	2,429,754	78,356	2,508,110
(Deficiency) excess of revenues over expenses	(63,620)	242,909	179,289
FUND BALANCES - January 1, 2015 (Restated)	63,620	3,548,099	3,611,719
FUND BALANCES - December 31, 2015	\$ -	\$ 3,791,008	\$ 3,791,008

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VERANDAH COMMUNITY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	FUNDS		
	Operating	Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Assessments, late fees and interest collected	\$ 2,813,006	\$ 310,000	\$ 3,123,006
Interest received	688	10,992	11,680
Other revenue received	113,064	-	113,064
Cash paid for expenditures	(2,287,935)	(2,825)	(2,290,760)
Net cash provided by operating activities	<u>638,823</u>	<u>318,167</u>	<u>956,990</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of certificates of deposit	(900,000)	-	(900,000)
Purchases of property and equipment	<u>-</u>	<u>(157,448)</u>	<u>(157,448)</u>
Net cash used by investing activities	<u>(900,000)</u>	<u>(157,448)</u>	<u>(1,057,448)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund reimbursement	<u>48,731</u>	<u>(48,731)</u>	<u>-</u>
Net (decrease) increase in cash	(212,446)	111,988	(100,458)
CASH - January 1, 2015	<u>820,826</u>	<u>119,511</u>	<u>940,337</u>
CASH - December 31, 2015	<u><u>\$ 608,380</u></u>	<u><u>\$ 231,499</u></u>	<u><u>\$ 839,879</u></u>

	FUNDS		
	Operating	Replacement	Total
RECONCILIATION OF (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
(Deficiency) excess of revenues over expenses	\$ (63,620)	\$ 242,909	\$ 179,289
Adjustments to reconcile (deficiency) excess of revenues over expenses to net cash provided by operating activities:			
Depreciation	-	75,531	75,531
Provision for uncollectible accounts	5,995	-	5,995
Changes in:			
Accounts receivable - members	46,147	-	46,147
Accounts receivable - other	58,562	-	58,562
Due from Developer	(14,576)	-	(14,576)
Interest receivable	(2)	(273)	(275)
Prepaid expenses	(1,319)	-	(1,319)
Deposits	(109)	-	(109)
Accounts payable	83,357	-	83,357
Accrued payroll	1,328	-	1,328
Assessments received in advance	523,060	-	523,060
Total adjustments	702,443	75,258	777,701
Net cash provided by operating activities	\$ 638,823	\$ 318,167	\$ 956,990

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, 2015

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 1,683 single and multi family units developed in two phases, located in Fort Myers, Florida. The owners of all units in the Association are the only members. As of December 31, 2015, 1,105 units 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 August 11, 2016, 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 of accounting in accordance with accounting principles generally accepted in the United States of America 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 members 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 and capital expenditures, as further described in Note 8.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable are generally considered delinquent when the payment is not received on or before the due date. 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. Provision for uncollectible accounts expense was \$41,626 for the year ended December 31, 2015 and is included in administration.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Common Property

Ownership of the commonly owned assets is vested directly or indirectly in the members 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 livery and kayaks, landscaping, roads, sidewalks and buffer, boardwalks and trails.

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, 2015. 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, 2015. 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.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. A proportionate share of the maintenance fees is assessed for each unit.

Late charges and interest revenue is recognized when billed.

Cash Flows

The Association made no cash payments for income tax or interest during the year ended December 31, 2015.

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") up to \$250,000 per institution. As of December 31, 2015, the uninsured balance was \$467,473, based on the bank statement balances, less the FDIC insurance.

As of December 31, 2015, KH Verandah LLC (the "Developer") owned 578 units or approximately 34% of the available units.

NOTE 5 - ACCOUNTS RECEIVABLE - MEMBERS

Accounts receivable - members, as of December 31, 2015, consisted of the following:

Assessments	\$ 120,771
Less: Allowance for uncollectible accounts	<u>(93,648)</u>
	<u>\$ 27,123</u>

VERANDAH COMMUNITY ASSOCIATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2015

NOTE 6 - PROPERTY AND EQUIPMENT

As of December 31, 2015, property and equipment consisted of the following:

	Estimated Useful Lives	Amount
Walls and fences	15 years	\$ 11,277
Decks and gazebos	10 - 22 years	69,356
Furniture, fixtures and equipment	3 - 15 years	247,869
Bikepaths and sidewalks	7 - 40 years	484,800
Vehicles	3 years	13,814
Irrigation system	15 years	86,160
		913,276
Less: accumulated depreciation		(229,115)
		\$ 684,161

Depreciation expense for the year ended December 31, 2015 was \$75,531.

NOTE 7 - ASSESSMENTS RECEIVED IN ADVANCE

Assessments received in advance consisted of future year assessments received by the Association prior to January 1, 2016.

NOTE 8 - REPLACEMENT FUND

The Association's replacement fund is utilized to accumulate funds for future major repairs and replacements and capital expenditures. An initial reserve assessment for the purpose of future major repairs and replacements and capital expenditures 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 2016 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.

VERANDAH COMMUNITY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 9 - ASSESSMENTS - CLUB

In consideration of its access and use of the access areas and the benefits which are 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 the lesser of 15% of the joint area cost or \$50,000 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 \$50,000 for the year ended December 31, 2015. As of December 31, 2015, \$12,500 was due to the Association and is included in accounts receivable - other.

NOTE 10 - DEVELOPER SUBSIDY

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.

The Developer is the subsequent developer of the Community. Certain Board members are employees of the Developer. The Developer's subsidy obligation for the year ended December 31, 2015 was \$14,576. As of December 31, 2015, \$14,576 was due to the Association from the Developer.

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 \$141, for the year ended December 31, 2015, and is included in various expenses.

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.

NOTE 13 - RESTATEMENT

The January 1, 2015 fund balances have been restated by \$602,244 due to the reclassification of equity in property and equipment to the replacement fund. There is no tax effect related to this restatement.

SUPPLEMENTARY INFORMATION

VERANDAH COMMUNITY ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON
 FUTURE MAJOR REPAIRS AND REPLACEMENTS
 DECEMBER 31, 2015
 (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	2016 Proposed Budgeted Funding
Asphalt pavement	3 - 35 years	0 - 27 years	\$ 5,592,342	
Concrete curbs and gutters	65 years	7 - 10 years	1,951,067	
Pavers	25 - 30 years	12 - 17 years	312,377	
Light poles and fixtures	20 - 25 years	11 years	17,209	
Perimeter walls	10 - 15 years	5 years	632,464	
Maintenance equipment	5 - 10 years	1 year	50,482	
Playground equipment	15 - 25 years	0 - 9 years	146,975	
Signage	15 - 25 years	7 - 12 years	374,975	
Catch basins	15 - 20 years	10 years	347,950	
Fences	25 years	11 years	115,252	
Gate houses and gates	8 - 35 years	0 - 22 years	408,680	
Roofs	25 years	12 - 23 years	38,356	
Split system	12 - 18 years	15 years	9,342	
Furniture	10 years	8 years	56,050	
Renovation	20 - 25 years	10 years	67,026	
Landscape	5 years	0 years	755,309	
Vehicles	3 - 15 years	0 - 8 years	678,813	
Reserve study update	2 years	1 year	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 will be 2.7%.

VERANDAH COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
REVENUES			
Assessments - residents	\$ 2,219,175	\$ 2,177,428	\$ (41,747)
Assessments - Club	50,000	50,000	-
Developer subsidy	-	14,576	14,576
Late fees and interest	16,850	10,376	(6,474)
Interest	1,200	690	(510)
Other	138,600	113,064	(25,536)
	<u>2,425,825</u>	<u>2,366,134</u>	<u>(59,691)</u>
EXPENSES			
COST OF SALES			
Ticket sales	-	(209)	209
Holiday events	9,000	3,608	5,392
Social other	12,000	11,650	350
Total cost of sales	<u>21,000</u>	<u>15,049</u>	<u>5,951</u>
ADMINISTRATION			
COMPENSATION AND BENEFITS			
Exempt	56,142	55,050	1,092
HR administration	114	1,654	(1,540)
W/S billed labor	18,480	19,799	(1,319)
Nonexempt	-	136	(136)
Taxes	4,617	5,800	(1,183)
Insurance	5,591	-	5,591
Insurance - workers' compensation	2,358	3,489	(1,131)
Other benefits	1,647	19	1,628
Total compensation and benefits	<u>88,949</u>	<u>85,947</u>	<u>3,002</u>
OFFICE			
Banking fees	1,138	572	566
Licenses and fees	800	639	161
Postage	2,450	907	1,543
Paper and printing	5,500	203	5,297
Service agreements	300	-	300
Residence meeting	500	20	480
Dues and subscriptions	560	239	321
Office supplies	1,500	1,379	121
Total office	<u>12,748</u>	<u>3,959</u>	<u>8,789</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, 2015

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
OPERATING AND MAINTENANCE			
Decorations	4,000	481	3,519
Expendable	4,300	3,583	717
Noncapital equipment	3,200	754	2,446
Total operating and maintenance	<u>11,500</u>	<u>4,818</u>	<u>6,682</u>
UTILITIES			
Electric	3,200	2,489	711
Phone	2,520	3,536	(1,016)
Sewer/water	1,300	365	935
Utilities - other	722,837	596,082	126,755
Total utilities	<u>729,857</u>	<u>602,472</u>	<u>127,385</u>
OUTSIDE SERVICES			
Accounting services	7,725	8,095	(370)
Contract services	20,916	16,961	3,955
Legal	-	10,195	(10,195)
Total outside services	<u>28,641</u>	<u>35,251</u>	<u>(6,610)</u>
REPAIRS AND MAINTENANCE			
Building repairs and maintenance	4,500	4,103	397
Equipment repairs	1,500	946	554
Total repairs and maintenance	<u>6,000</u>	<u>5,049</u>	<u>951</u>
TAXES AND INSURANCE			
	<u>12,150</u>	<u>9,662</u>	<u>2,488</u>
MANAGEMENT FEES			
	<u>71,726</u>	<u>69,781</u>	<u>1,945</u>
PROVISION FOR UNCOLLECTIBLE ACCOUNTS			
Total administration	<u>-</u>	<u>41,626</u>	<u>(41,626)</u>
	<u>961,571</u>	<u>858,565</u>	<u>103,006</u>
COMMUNITY PATROL			
COMPENSATION AND BENEFITS			
Exempt	37,944	37,563	381
HR administration	7,191	8,306	(1,115)
Nonexempt	253,180	300,400	(47,220)
Taxes	26,228	30,688	(4,460)
Insurance	-	1,215	(1,215)
Insurance - workers' compensation	12,227	12,731	(504)
Other benefits	-	59	(59)
Total compensation and benefits	<u>336,770</u>	<u>390,962</u>	<u>(54,192)</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, 2015

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
OFFICE			
Cleaning	2,000	1,528	472
Paper and printing	4,000	1,404	2,596
Office supplies	1,500	1,430	70
Total office	<u>7,500</u>	<u>4,362</u>	<u>3,138</u>
OPERATING AND MAINTENANCE			
Expendable	1,400	715	685
Fuel	12,000	10,015	1,985
Noncapital equipment	300	124	176
Safety equipment	200	-	200
Uniforms	2,500	940	1,560
Total operating and maintenance	<u>16,400</u>	<u>11,794</u>	<u>4,606</u>
UTILITIES			
Electric	3,535	1,903	1,632
Phone	9,600	8,085	1,515
Sewer and water	1,560	1,142	418
Total utilities	<u>14,695</u>	<u>11,130</u>	<u>3,565</u>
OUTSIDE SERVICES			
	<u>4,300</u>	<u>5,224</u>	<u>(924)</u>
REPAIRS AND MAINTENANCE			
Building repairs and maintenance	5,260	4,970	290
Equipment - repairs	1,800	136	1,664
Access control repairs and maintenance	3,500	3,474	26
Pest control	800	288	512
Vehicle	1,500	3,269	(1,769)
Total repairs and maintenance	<u>12,860</u>	<u>12,137</u>	<u>723</u>
OTHER OPERATING			
	<u>100</u>	<u>100</u>	<u>-</u>
TAXES AND INSURANCE			
Total community patrol	<u>2,400</u>	<u>2,472</u>	<u>(72)</u>
	<u>395,025</u>	<u>438,181</u>	<u>(43,156)</u>
GROUNDS MAINTENANCE			
COMPENSATION AND BENEFITS			
Exempt	50,197	49,326	871
HR administration	2,430	2,379	51
Nonexempt	48,183	48,486	(303)
Taxes	8,479	8,145	334
Insurance - workers' compensation	4,132	3,751	381
Other benefits	-	64	(64)
Total compensation and benefits	<u>113,421</u>	<u>112,151</u>	<u>1,270</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, 2015

	Budget <i>(Unaudited)</i>	Actual	Variance Favorable (Unfavorable)
OFFICE	5,710	5,520	190
LEASING / RENTAL	1,400	5,892	(4,492)
OPERATING AND MAINTENANCE			
Annuals	14,565	12,163	2,402
Expendable	5,060	4,995	65
Pesticides	3,050	352	2,698
Fertilizer	400	-	400
Fuel	10,200	9,509	691
Sub-irrigation	7,920	-	7,920
Tools	750	590	160
Mulch	111,450	107,343	4,107
Noncapital equipment	2,850	1,665	1,185
Plant replacement	9,000	8,813	187
Uniforms	1,180	736	444
Total operating and maintenance	<u>166,425</u>	<u>146,166</u>	<u>20,259</u>
UTILITIES			
Electric	1,920	2,414	(494)
Phone	240	617	(377)
Irrigation - utility	98,000	75,818	22,182
Electric - landscape sign	1,716	6,608	(4,892)
Street lights	47,870	58,089	(10,219)
Total utilities	<u>149,746</u>	<u>143,546</u>	<u>6,200</u>
OUTSIDE SERVICES	70,250	61,465	8,785
REPAIRS AND MAINTENANCE			
Equipment - repairs	11,825	10,143	1,682
Irrigation - repair	15,100	11,696	3,404
Mowing contract common	517,884	533,920	(16,036)
Total repairs and maintenance	<u>544,809</u>	<u>555,759</u>	<u>(10,950)</u>
Total grounds maintenance	<u>1,051,761</u>	<u>1,030,499</u>	<u>21,262</u>
FAIRWAY COVE			
Service agreement	5,025	4,500	525
Mulch	12,368	20,104	(7,736)
Electric	773	-	773
Contract services	1,160	-	1,160
Mowing contract	57,975	41,006	16,969
Total Fairway Cove	<u>77,301</u>	<u>65,610</u>	<u>11,691</u>

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VERANDAH COMMUNITY ASSOCIATION, INC.
SCHEDULE OF OPERATING FUND REVENUES AND EXPENSES -
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budget</u> <i>(Unaudited)</i>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
WOODHAVEN			
Service agreement	1,820	1,600	220
Mulch	4,480	7,511	(3,031)
Electric	280	49	231
Contract services	420	165	255
Mowing contract	21,000	12,525	8,475
Total Woodhaven	<u>28,000</u>	<u>21,850</u>	<u>6,150</u>
Total operating fund expenses	<u>2,534,658</u>	<u>2,429,754</u>	<u>104,904</u>
Deficiency of revenues over expenses	<u>\$ (108,833)</u>	<u>\$ (63,620)</u>	<u>\$ 45,213</u>

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