



LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Las Vistas in Inverrary Condominium Association, Inc.
Lauderhill, Florida

Opinion

We have audited the accompanying financial statements of Las Vistas in Inverrary Condominium Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Las Vistas in Inverrary Condominium Association, Inc. as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Las Vistas in Inverrary Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Las Vistas in Inverrary Condominium Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Las Vistas in Inverrary Condominium Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Las Vistas in Inverrary Condominium Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 expenses on pages 15 to 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property on page 14 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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.


DAVE V. JOHN, LLC

Tamarac, Florida
May 20, 2022

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

December 31, 2021

	<u>OPERATING</u> <u>FUND</u>	<u>RESERVE</u> <u>FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 4,985	\$ 40,317	\$ 45,302
Cash - restricted	117,507	-	117,507
Assessment receivable, net of bad debt allowance of \$68,000	28,083	-	28,083
Prepaid expense	670,812	-	670,812
Due from operating fund	68,980	-	68,980
Property and equipment, net	2,544	-	2,544
TOTAL ASSETS	\$ 892,911	\$ 40,317	\$ 933,228
LIABILITIES AND FUND BALANCES			
Accounts payable	74,263	-	74,263
Other liabilities	19,929	-	19,929
Deposit payable	186,487	-	186,487
Insurance payable	621,137	-	621,137
Loan payable	68,980	-	68,980
Deferred revenue	19,312	-	19,312
Contract liabilities (assessments received in advance- replacement fund)	-	40,317	40,317
TOTAL LIABILITIES	990,108	40,317	1,030,425
CONTINGENCIES	-	-	-
Fund balance(deficit)	(97,197)	-	(97,197)
TOTAL LIABILITIES AND FUND BALANCES	\$ 892,911	\$ 40,317	\$ 933,228

The accompanying notes are an integral part of these financial statements

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
 FOR THE YEAR BEGINNING JANUARY 1, 2021 TO THE YEAR ENDED DECEMBER 31, 2021

	<u>OPERATING</u> <u>FUND</u>	<u>RESERVE</u> <u>FUND</u>	<u>TOTAL</u>
REVENUES:			
Maintenance fees	\$ 1,594,932	\$ 368,379	\$ 1,963,311
Estoppel fees	12,250	-	12,250
Pass thru income	294,804	-	294,804
Insurance reimbursement	31,276	5,362	36,638
Interest income	2	8	10
Other income	17,983	-	17,983
TOTAL REVENUES	<u>1,951,247</u>	<u>373,749</u>	<u>2,324,996</u>
EXPENSES			
General and administrative	1,150,622	-	1,150,622
Repair and maintenance	229,746	373,749	603,495
Pass thru expense	377,955	-	377,955
Office expense	83,417	-	83,417
Other expense	59,452	-	59,452
Pool expense	51,770	-	51,770
Landscaping expense	49,879	-	49,879
Recreation building expense	18,847	-	18,847
Apartment expense	7,564	-	7,564
TOTAL EXPENSES	<u>2,029,252</u>	<u>373,749</u>	<u>2,403,001</u>
EXCESS REVENUES (UNDER)/OVER			
EXPENSES	(78,005)	-	(78,005)
FUND BALANCES - BEGINNING	(19,192)	-	(19,192)
FUND BALANCES - ENDING	<u>\$ (97,197)</u>	<u>\$ -</u>	<u>\$ (97,197)</u>

The accompanying notes are an integral part of these financial statements

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR BEGINNING JANUARY 1, 2021 TO THE YEAR ENDED DECEMBER 31, 2021

	<u>OPERATING</u> <u>FUND</u>	<u>RESERVE</u> <u>FUND</u>	<u>TOTAL</u>
Cash flows From Operating Activities			
Excess of revenues(under)/over expenses	\$ (78,005)	\$ -	\$ (78,005)
Adjustments to reconcile Net income to			
Net Cash Used in Operating Activities			
Depreciation	909	-	909
(Increase) decrease in:			
Assessment receivable	41,935	-	41,935
Prepaid insurance	(400,663)	-	(400,663)
(Decrease) increase in:			
Bank overdraft	(1,158)	-	(1,158)
Account payable	(760)	-	(760)
Other liabilities	(2,299)	-	(2,299)
Deposit payable	52,385	-	52,385
Insurance payable	399,221	-	399,221
Deferred revenue	(3,570)	-	(3,570)
Contract liabilities (assessments received in advance-replacement fund)	-	(132,831)	(132,831)
Net Cash Provided (Used) by Operating Activities	<u>7,995</u>	<u>(132,831)</u>	<u>(124,836)</u>
Cash flows From Investing Activities			
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows From Financing Activities			
Due from operating fund	(68,980)	-	(68,980)
Loan payable	68,980	-	68,980
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	7,995	(132,831)	(124,836)
Cash and Cash Equivalents, Beginning of Year	114,497	173,148	287,645
Cash and Cash Equivalents, End of Year	<u>\$ 122,492</u>	<u>\$ 40,317</u>	<u>\$ 162,809</u>

The accompanying notes are an integral part of these financial statements

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 1 – NATURE OF ORGANIZATION

Las Vistas in Inverrary Condominium Association, Inc. (the Association) is a condominium association incorporated under the laws of the State of Florida for the purposes of maintaining and preserving its common property. The Association consists of 431 residential units located in Lauderhill, Florida.

Unit owners of the Association are also members of the Inverrary Association, Inc. (the Master Association), incorporated in 1971 as a Florida not-for-profit corporation, and pursuant to the Declaration of Protective covenants record in Broward County public records. The Master Association is responsible for maintenance and preservation of the architectural amenities, landscape and all other areas surrounding the condominiums. The Association's budget includes assessments to the members of the Association for the Master Association fees, and such fees are included in the accompanying statement of revenues and expenses and changes in fund balances.

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 May 20, 2022, the date that the financial statements were available to be issued.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Las Vistas in Inverrary Condominium Association, Inc. are presented to assist in the understanding of the Association's financial position and operations. The financial statements and notes are representations of the Association management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Association prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial statements are recorded at historical cost and consequently do not necessarily represent current values.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Fund Accounting

The Association uses fund accounting, which requires that funds, such as operating funds and funds designated for future major repairs and replacements, be classified separately for accounting and reporting purposes. Disbursements from the operating fund are generally at the discretion of the Board of Directors. Disbursements from the replacement fund are generally made only for designated purposes. 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 regular, recurring costs of operations. Disbursements from this fund are limited to those connected with the day-to-day operations and are generally at the discretion of the Board of Directors.

RESERVE FUND – This fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from this fund may be made only for their designated purposes.

SPECIAL ASSESSMENT – This fund is used to accumulate financial resources designated for future major repairs and replacements. Disbursements from this fund may be made only for their designated purposes.

Maintenance Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses. Maintenance receivable at the balance sheet date represents fees due from unit owners. The Association's policy is to place liens on the property of unit owners. Any excess assessments at year-end are retained by the Association for use in future years.

Reserve Assessments

Association members are subject to monthly reserve assessments to provide funds for future major repairs and replacements.

Cash and Cash equivalents

The Association considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Reserve Fund Interest

Interest earned in the reserve account is retained in the respective reserve account.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Credit Risk

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash and cash equivalents and assessments receivable. The Association tries to limit the amount of its credit exposure by placing its cash and cash equivalents with high quality financial institutions. Additionally, the Association tries to limit its deposits at each bank to \$250,000, the amount insured by the Federal Deposit Insurance Corporation.

The Association places its cash with a high credit quality financial institution and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Fair Value of Financial Instruments

The financial position of the Association at December 31, 2021 includes certain financial instruments that may have a fair value that is different from the value currently reflected on the financial statements. In reviewing the financial instruments of the Association, certain assumptions and methods were used to determine the fair value of each category of financial instruments for which it is practicable to estimate that value. The carrying amounts and estimated fair value of the Association's financial instruments generally approximate their fair values at December 31, 2021.

Cash and cash equivalents, assessment receivable, prepaid insurance, prepaid expense, accounts payable and accrued expense in the financial statements approximate fair value because of the short-term maturity of these instruments.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Income Taxes

The Association filed its income tax return 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 nonexempt function income, which includes interest income and revenue received from nonmembers.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue and Revenue Recognition

The Condominium Association recognizes revenue from homeowner assessments over the assessment period, which is generally one year, during which time members have continuous access to common areas, services, and certain community events.

Homeowner assessments paid in advance are deferred to the assessment period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying program or community event takes place. Due to the nature and timing of the performance and/or transfer of services and products, substantially all deferred revenue at December 31 of each year is recognized in the following year.

Allowance for Bad Debts

The Association utilizes the allowance method of recognizing the future potential uncollectibility of owner assessments receivable. This reserve is calculated based on the estimated percentage of potentially uncollectible accounts 90 or more days overdue. The Association's policy is to charge late fees and interest to owner accounts that are 30 or more days overdue. Owner assessment accounts that are 90 or more days past due may be contracted for collection. Florida law provides various other remedies for delinquent assessments, including the filing of liens, foreclosing on the unit owner, and obtaining judgment on other assets of the unit owners.

Property and Equipment - Depreciation

The Association's policy for recognizing common property as assets in its balance sheet is to recognize (a) common personal property and (b) real property to which it has title and that it can dispose of for cash while retaining the proceeds or that is used to generate significant cash flows from members on the basis of usage or from nonmembers. Depreciation is computed by using the straight-line method based over the estimated useful lives of the assets as follows:

Furniture and Fixture	5-7 Years
Equipment	5 Years

Expenditures for major renewals and betterments over \$750 that extend the useful life of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Compensated Absences

Employees of the Association are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is not practicable for the Association to estimate the amount of compensation for future absences. Accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when actually paid to employees.

Contract liabilities (Assessments Received in Advance - Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) are recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments. During the current year, the Association assessed and received \$235,548 in the replacement fund. The balances of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$173,148 and \$40,317, respectively.

NOTE 4 – CONCENTRATIONS AND CREDIT RISK

Financial Instruments, which potentially subject the Association to concentrations and credit risk, consist principally of cash and cash equivalents. Cash on deposit with two financial institutions amount to \$162,809 at December 31, 2021 was insured up to \$250,000 by the U.S Federal Deposit Insurance Corporation. As of December 31, 2021, the Association had no amount in excess of the FDIC insured amount.

NOTE 5 – CASH RESTRICTED

The restricted cash amount of \$117,507 represents six months maintenance security from each new owner. This cash is deposited into a separate bank account and will be returned with interest, to the owners after 18 months of on-time maintenance fee payments.

NOTE 6 – INCOME TAXES

The Association elected to be taxed only on non-membership income, such as interest income. Income tax expense was \$--0-- in 2021.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 7 – COMMITMENTS

Pursuant to its authority existing under the Association's By-Laws, the Board of Directors entered various contractual commitment services to maintain the common property including alarm monitoring, exterminator, landscaping services, management services, pool maintenance, and waste removal. These contracts have different expiration dates and renewals.

NOTE 8 – CONTINGENCIES

The Association is currently involved in a pending litigation, at this time management is unable to determine the outcome of this event and whether it would have a material effect on the financial condition of the Association.

NOTE 9 – INSURANCE MATTERS

The Association maintains insurance coverage for hurricane damages sustained by the condominium. The Association has not set aside funds to cover the deductible. Accordingly, if such funds are needed, the Association has the right to assess its members or seek bank financing. In addition, in as much as certain other expenses may be incurred by the Association in the event of a windstorm, the ultimate extent of such loss in excess of the aforementioned maximum deductible cannot be determined. In the event of a disaster, the Association could be exposed to losses for damages in excess of insurance coverage limits.

NOTE 10 – ASSESSMENT RECEIVABLE

Assessment receivable at December 31, 2021 was as follows:

Assessment receivable	\$ 96,083
Less: allowance for doubtful accounts	<u>(68,000)</u>
Total	<u>\$ 28,083</u>

As of December 31, 2021, approximately \$74,844 of assessments receivable were in excess of 90 days past due. The Board of Directors estimate that approximately \$68,000 is not collectible. The Board of Directors has established an allowance for doubtful accounts in that amount. However, further bad debts to be written off may be significant.

To reduce credit risk with respect to receivables, the Association's policy is to retain legal counsel and to enforce its liens on any unpaid assessments, including the taking of foreclosure action.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of December 31, 2021:

Computers	\$ 10,676
Furniture and equipment	42,506
Supervisor's apartment	118,754
Less: accumulated depreciation	<u>(169,392)</u>
Total	<u>\$ 2,544</u>

Depreciation for the year ending December 31, 2021 was \$909.

NOTE 12 – OWNER ASSESSMENTS

The owners are assessed monthly maintenance fees, which are collected to meet the Association's normal operating cost and to fund reserves for the repair and the replacement of the common areas. Total assessments collected for the year ended December 31, 2021 was approximately \$1,830,480 including \$1,594,932 for the operating fund and \$235,548 for the reserve fund.

NOTE 13 – DEFERRED ASSESSMENTS REVENUE

Deferred revenue represents prepaid assessments and is primarily composed of payments received in advance for the first quarter's billing of the next fiscal year.

NOTE 14 – INSURANCE PAYABLE

The Association is paying its insurance premium with an unsecured note payable to a finance company in monthly installments. The balance due as of December 31, 2021, was approximately \$621,137.

NOTE 15 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$40,317 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes.

The Association has not conducted a study to determine the remaining useful lives of the components of common property and current estimates of cost of major repairs and replacements that may be required in the future.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

FUTURE MAJOR REPAIRS AND REPLACEMENTS – continued

The unit owners voted to fund the statutory reserves for future major repairs and replacements. If replacement funds are needed to meet future needs for major repairs and replacement, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available. The effect of future assessments has not been determined.

The balance at December 31, 2021, consists of the following:

	Balance 1/1/2021	Interest	Assessment	Expenditures	Balance 12/31/2021
Pooled balances	\$ 173,148	\$ 8	\$ 235,548	\$ 373,749	\$ 34,955
Insurance reimbursement	-	-	5,362	-	5,362
TOTALS	\$ 173,148	\$ 8	\$ 240,910	\$ 373,749	\$ 40,317

NOTE 16 – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, Revenue from Contracts with Customers. The Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, Real Estate-Common Interest Realty Associations, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of new guidance as of January 1, 2021. Using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2021. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities related to the replacement fund, as previously described.

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2021:

Fund balance, as previously reported, at January 1, 2021	\$ 153,956
Adjustment	(173,148)
Fund balance, as adjusted, at January 1, 2021	<u>\$ (19,192)</u>

The effect of the adoption is an increase in 2021 assessments by \$132,831 and a recording of a contract liability (assessments received in advance-replacement fund) at December 31, 2021, of \$40,317. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION – continued

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2021 financial statements. Following are the line items from our balance sheet as of December 31, 2021, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	Amounts That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Liabilities:</u>			
Contract liabilities			
(Assessments received in advance-replacement fund)	\$ -	\$ 40,317	\$ 40,317
Total liabilities	990,108	40,317	1,030,425
<u>Fund Balance:</u>			
Ending fund balances	(56,880)	(40,317)	(97,197)

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2021, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	That Would Have Been Reported	Effects of Applying New Guidance	As Reported
<u>Revenue:</u>			
Regular assessments	\$ 1,830,480	\$ 132,831	\$ 1,963,311
Excess of revenues under expenses	(210,836)	132,831	(78,005)
<u>Cash Flows:</u>			
Excess of revenues under expenses	(210,836)	132,831	(78,005)
Decrease in contract liabilities	-	(132,831)	(132,831)
(Assessments received in advance-replacement fund)			

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 17 – UNCERTAINTY IN INCOME TAXES

The Association has adopted the guidance for uncertainty in income taxes in FASB ASC 740. The Association will record a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. The Association continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Association's evaluation on December 31, 2021 revealed no tax positions that would have a material impact on the financial statements. The Association does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

The federal income tax returns of the Association for 2021 are subject to examination, generally for three years after being filed.

NOTE 18 – CONTINGENCY

The World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Association. However, the financial impact and duration cannot be reasonably estimated at this time.

NOTE 19 – SUBSEQUENT EVENTS

Under FASB ASC 855, subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or ready to be issued. The Association recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements.

The Association's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued.

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENT
(UNAUDITED)**

There has not been a formal reserve study to estimate the remaining useful lives or to calculate the replacement cost of future major repairs and replacements. The estimated current replacement cost does not include the possible effect of inflation or interest rates between the date that the components will require repair or replacement. The Board has estimated the current replacement costs of the future major repairs and replacement. The Board has developed seven year plan which are similar to the items in a reserve study.

The Board of Directors of the Association estimated the remaining useful lives and the replacement cost of the components of common property.

The following table is based on these estimates:

Component	Estimated Remaining Useful Life	Estimated Current Fund Replacement Cost	Replacement Balance December 31, 2021	2022 Funding Requirement
Pooled components	1-18 year	\$4,239,000	\$40,317	\$235,000

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES

FOR THE YEAR BEGINNING JANUARY 1, 2021 TO THE YEAR ENDED DECEMBER 31, 2021

	OPERATING FUND	RESERVE FUND	TOTAL
GENERAL AND ADMINISTRATIVE			
Water, sewer and trash removal	\$ 379,690	\$ -	\$ 379,690
Salaries, wages and benefits	251,952	-	251,952
Insurance	291,322	-	291,322
Service contracts	50,308	-	50,308
Professional fees	70,258	-	70,258
Electric	26,499	-	26,499
Bad debt	32,662	-	32,662
Alarm maintenance	24,240	-	24,240
Administrative expenses	11,478	-	11,478
Exterminator	5,382	-	5,382
Telephone	6,831	-	6,831
Management fees	-	-	-
TOTAL GENERAL AND ADMINISTRATIVE	1,150,622	-	1,150,622
OFFICE EXPENSE			
Salaries, wages and benefits	55,858	-	55,858
Office supplies	15,697	-	15,697
Telephone and internet	4,859	-	4,859
Computer services	3,297	-	3,297
Equipment rental	3,706	-	3,706
TOTAL OFFICE EXPENSE	83,417	-	83,417
REPAIR AND MAINTENANCE			
General repairs	43,650	74,529	118,179
Plumbing	22,419	88,746	111,165
Supplies	63,912	-	63,912
Fence repair	23,055	-	23,055
Security cameras	16,139	-	16,139
Drywall	13,965	-	13,965
Building	20,742	43,123	63,865
Golf cart	6,611	-	6,611
Paving	-	-	-
Elevator	15,203	15,756	30,959
Roof	4,050	143,110	147,160
Pool	-	8,485	8,485
TOTAL REPAIR AND MAINTENANCE	229,746	373,749	603,495
APARTMENT EXPENSE			
Maintenance fees	5,136	-	5,136
Real estate taxes	2,428	-	2,428
TOTAL APARTMENT EXPENSE	7,564	-	7,564

The accompanying notes are an integral part of these financial statements

LAS VISTAS IN INVERRARY CONDOMINIUM ASSOCIATION, INC.
SCHEDULE OF EXPENSES (CONTINUED)

FOR THE YEAR BEGINNING JANUARY 1, 2021 TO THE YEAR ENDED DECEMBER 31, 2021

	OPERATING FUND	RESERVE FUND	TOTAL
RECREATION BUILDING EXPENSE			
Depreciation	909	-	909
Utilities	9,671	-	9,671
Repair and maintenance	7,787	-	7,787
Air conditioning	480	-	480
TOTAL RECREATION BUILDING EXPENSE	18,847	-	18,847
POOL EXPENSE			
Pool repairs	18,114	-	18,114
Pool Service	17,400	-	17,400
Gas	16,256	-	16,256
TOTAL POOL EXPENSE	51,770	-	51,770
LANDSCAPING EXPENSE			
Lawn, timber and plants replacement	15,023	-	15,023
Lawn maintenance	34,856	-	34,856
TOTAL LANDSCAPING EXPENSE	49,879	-	49,879
OTHER EXPENSE			
Taxes	-	-	-
Legal settlement	53,032	-	53,032
Apartment expense	6,420	-	6,420
TOTAL OTHER EXPENSE	59,452	-	59,452
PASS THRU EXPENSE			
Association expense	36,420	-	36,420
Cable expense	341,535	-	341,535
TOTAL PASS THRU EXPENSE	377,955	-	377,955

The accompanying notes are an integral part of these financial statements