

GREENWICH ASSOCIATION, INC.

FINANCIAL STATEMENTS

December 31, 2020

Padron, Montoro & Hartney, LLP
Certified Public Accountants
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GREENWICH ASSOCIATION, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Greenwich Association, Inc.
Miami, Florida

We have audited the accompanying balance sheet of Greenwich Association, Inc. as of December 31, 2020, and the related statements of revenues, expenses and changes in fund balance, deferred maintenance and replacement fund - contract liabilities, and cash flows for the year ended December 31, 2020, 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 of material misstatements, 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. These 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 Greenwich Association, Inc., as of December 31, 2020, 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.

(Continued)

Board of Directors
Greenwich 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 required part of the basic financial statements, is supplementary information 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 operation, economic and 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 any other form of assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Padron, Montoro & Hartney, LLP

Miami, Florida
March 31, 2021

GREENWICH ASSOCIATION, INC.
BALANCE SHEET
December 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 397,673	\$ 115,527	\$ 513,200
Assessments receivable - net of allowance for uncollectible accounts of \$18,400	24,258	-	24,258
Accounts receivable - laundry	4,000	-	4,000
Prepaid expenses and other assets	36,729	-	36,729
Due from replacement fund	42,892	-	42,892
Total	<u>\$ 505,552</u>	<u>\$ 115,527</u>	<u>\$ 621,079</u>
LIABILITIES AND FUND BALANCE			
Accounts payable and accrued expenses	\$ 69,930	\$ -	\$ 69,930
Maintenance fees received in advance	49,970	-	49,970
Short term loan - insurance	32,429	-	32,429
Security deposits	115,525	-	115,525
Deferred revenue - cable agreement	17,726	-	17,726
Reserve contract liabilities	-	72,635	72,635
Due to operating fund	-	42,892	42,892
Total	285,580	115,527	401,107
FUND BALANCE			
Fund Balance	<u>219,972</u>	<u>-</u>	<u>219,972</u>
Total	<u>\$ 505,552</u>	<u>\$ 115,527</u>	<u>\$ 621,079</u>

GREENWICH ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
REVENUES			
Maintenance assessments	\$ 1,108,582	\$ 45,299	\$ 1,153,881
Laundry income	24,738	-	24,738
Late fees	1,775	-	1,775
Interest	67	302	369
Cable agreement fees	3,867	-	3,867
Other	5,823	-	5,823
Total	<u>1,144,852</u>	<u>45,601</u>	<u>1,190,453</u>
EXPENSES			
Accounting fees	15,180	-	15,180
Audit	4,000	-	4,000
Bad debts	1,941	-	1,941
Electricity	58,254	-	58,254
Elevator service	12,375	-	12,375
Gas	18,479	-	18,479
Greenwich park monthly expenses - roadways and recreation areas	62,628	-	62,628
Insurance	224,590	-	224,590
Interest	7,126	-	7,126
Landscaping	12,020	-	12,020
Legal and professional fees	14,882	-	14,882
Licenses and permits	3,010	-	3,010
Management fees	18,600	-	18,600
Office supplies and postage	5,653	-	5,653
Personnel costs	146,413	-	146,413
Pest control	8,271	-	8,271
Repairs and maintenance - A/C	6,846	-	6,846
Repairs and maintenance - electrical	9,431	-	9,431
Repairs and maintenance - elevators	9,704	-	9,704
Repairs and maintenance - other	111,464	45,601	157,065
Repairs and maintenance - plumbing	4,721	-	4,721
Telephone	13,777	-	13,777
Tree trimming	24,625	-	24,625
Waste removal	21,195	-	21,195
Water & sewer	223,075	-	223,075
Total	<u>1,038,260</u>	<u>45,601</u>	<u>1,083,861</u>
EXCESS OF REVENUES OVER EXPENSES			
	106,592	-	106,592
Fund Balance - beginning	<u>113,380</u>	<u>-</u>	<u>113,380</u>
Fund Balance - Ending	<u><u>\$ 219,972</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 219,972</u></u>

GREENWICH ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 106,592	\$ -	\$ 106,592
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
(Increase) decrease in:			
Assessments receivable	7,420	-	7,420
Accounts receivable - laundry	(4,000)	-	(4,000)
Prepaid expenses	(3,259)	-	(3,259)
			-
Increase (decrease) in:			-
Accounts payable and accrued expenses	(24,376)	-	(24,376)
Maintenance fees received in advance	631	-	631
Deferred revenue - cable agreement	(3,868)	-	(3,868)
Reserve contract liabilities	-	41,761	41,761
Net cash provided by operating activities	<u>79,140</u>	<u>41,761</u>	<u>120,901</u>
Cash flows from investing activities:	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from financing activities:			
Security deposits	9,625	-	9,625
Short term loan - insurance - borrowing	190,738	-	190,738
Short term loan - insurance - repayment	(187,628)	-	(187,628)
Interfund transfers	(23,229)	23,229	-
Net cash provided (used) by financing activities	<u>(10,494)</u>	<u>23,229</u>	<u>12,735</u>
Net increase in cash and cash equivalents	68,646	64,990	133,636
Cash and cash equivalents at beginning of year	<u>329,027</u>	<u>50,537</u>	<u>379,564</u>
Cash and cash equivalents at end of year	<u>\$ 397,673</u>	<u>\$ 115,527</u>	<u>\$ 513,200</u>
Supplemental Disclosure			
Interest paid	<u>\$ 7,126</u>	<u>\$ -</u>	<u>\$ 7,126</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GREENWICH ASSOCIATION, INC.
STATEMENT OF DEFERRED MAINTENANCE AND REPLACEMENT FUND -
CONTRACT LIABILITIES
YEAR ENDED DECEMBER 31, 2020

	Balance 12/31/2019	Transfers and Additions	Transfers and Payments	Interest	Balance 12/31/2020
Pooled reserves	\$ 30,874	\$ 87,060	\$ 45,601	\$ 302	\$ 72,635
Total	\$ 30,874	\$ 87,060	\$ 45,601	\$ 302	\$ 72,635

GREENWICH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE A ORGANIZATION

GREENWICH ASSOCIATION, INC. (the Association), a Florida not-for-profit corporation, was organized to operate and maintain the common elements of a 221 unit condominium association located in Miami, Florida. The common elements include the, roads inside the community, green belt areas, and the building and its mechanical components. Each owner is a member of the Association. The Association was organized May 1981.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association maintains its accounts using fund balance accounting. Financial resources are classified for accounting and reporting purposes in the following funds established for their specific purpose:

Operating Fund

The operating fund is used to account for the financial activity used for the general operations of the Association. Disbursements from the operating fund are generally at the discretion of the Board of Directors.

Replacement Fund

The replacement fund is used to account for the assessments made for major repair and replacement of common property and related expenses. Disbursements from the replacement fund may only be utilized in accordance with Florida Statutes and the purposes established by the Board of Directors and the Association membership.

Revenue Recognition

Maintenance Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating fund assessments are satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of homeowners whose assessments are thirty days or more delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year.

Other Revenues

Other revenues (e.g. rental, parking, etc.) are recognized as the related services are performed.

GREENWICH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capitalization and Depreciation Policy

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. Those properties are owned by the individual unit owners in common and not by the Association. The Association capitalizes personal property to which it has title at cost. Personal property purchased subsequent to the turnover from the developer, and not made a part of the common elements, is capitalized and depreciated over their estimated useful lives using the straight line method.

Uncollectible Maintenance Fees

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control. The balances of assessments receivable as of the beginning and end of the year are \$39,965 and \$31,678, respectively.

An allowance for anticipated uncollectible accounts is maintained. The allowance is determined through a review of accounts in legal status as of the balance sheet date. Assessments of maintenance fees are written off as uncollectible accounts in the period that foreclosures have concluded and the loss is determined.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates by management include the determination of the adequacy of the allowance for anticipated uncollectability of maintenance assessments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Interest Income

Interest income is allocated to the operating and replacement funds based on the interest earned by the bank accounts designated for use by each fund.

Replacement Fund Contract Liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of the performance obligation related to replacement reserve assessments. The balance of replacement fund contract liabilities as of the beginning and end of the year are \$30,874 and \$72,635, respectively.

GREENWICH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE C CASH

The following is a schedule of cash as of December 31, 2020:

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Bank Accounts			
Popular Community Bank	\$ 206,905	\$ -	\$ 206,905
Popular Community Bank	466	-	466
Popular Community Bank	190,302	-	190,302
Popular Community Bank	-	115,527	115,527
Total	<u>\$ 397,673</u>	<u>\$ 115,527</u>	<u>\$ 513,200</u>

NOTE D INCOME TAX

The Association has elected to file its federal income tax return using section 528 of the Internal Revenue Code (IRC) which is designed for associations. Under this section, the Association is not taxed on income and expenses related to its exempt purpose, which is the acquisition, construction, management, maintenance, and care of Association property. Income from other sources, including interest, net of related expenses, is taxed at normal corporate income tax rates. The Association had no income tax expense for the year 2020.

The Association did not incur penalties or interest on its income taxes during the year 2020. It is the Association's belief that they do not have any uncertain tax positions.

The IRC provides for the ability to examine income tax returns which had been filed during the most recent three (3) year period (2017, 2018, 2019). As of the date of the independent auditor's report, the Association has not been advised of any pending or upcoming examinations.

NOTE E CONTINGENCIES

The Association's insurance policies contain a windstorm deductible of \$1,443,064 (5%) of the insured value per calendar year. In the event of an occurrence of windstorm damage, the Association may not be able to pay for the deductible portion of a claim from its existing funds. In such an event, the Association may adopt a special assessment to pay for the deductible portion of the claim.

GREENWICH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE F PROPERTY ACCESS EASEMENT AGREEMENT

The Association's property is surrounded by real property which is not a part of the common elements. To provide access to the Association, an agreement was reached with the owners of the property, Avesta Biscayne, and its successors, whereby an easement has been granted for purposes of access to the Association property. The agreement also grants the Association the right to use the roadways and recreational facilities which are located within the property owned by Avesta. The agreement provides an easement for the use of the garage, which is located on Association property, by the occupants of the properties owned by Avesta. Avesta is responsible for the advancing the costs of the roadways and recreational areas. The Association is responsible for reimbursing Avesta 36% of the costs incurred. The Association is responsible for the maintenance of the parking garage. Avesta is responsible for reimbursing the Association of 50% of the costs to maintain the parking garage, including reserves.

NOTE G MAJOR REPAIRS AND REPLACEMENTS FUND

The Association's governing documents, and Florida Statutes require the Association to accumulate funds for future major repairs and replacements of the common elements whose costs exceed \$10,000. The owners may vote to adjust the funding at a meeting held for such a purpose.

Florida statues allow for the annual funding calculation for the replacement fund to be determined using the straight line or the cash flow (pooling) method. The pooling method calls for a fixed funding level through the remaining life of the longest lived common element. The fixed funding level must be sufficient to pay for the replacement of all the common elements during the calculation period. The Association has elected to use the pooling method. Replacement costs and remaining useful lives are estimated annually by management, based on experience and historical costs, and approved by the Board of Directors during the annual budget process.

The Association has not conducted an independent replacement fund study, to estimate the remaining useful lives and replacement costs of the components of the replacement fund. Accordingly, the current regular assessments and cash in savings may not be sufficient to pay for the replacement costs. Therefore, when replacement funds are needed, the Association has the right to increase the maintenance assessments, pass special assessments or delay replacement until funds are available.

Interest income earned in the bank accounts designated for replacement and deferred maintenance fund, net of related income taxes, is added to the pooled replacement fund.

Accumulated funds, which aggregate \$115,527, are held in separate bank accounts and are generally not available for operating purposes. As of the balance sheet date, the Association deposits in the bank accounts designated for the replacement fund and its contract liability exceeded the balance in the replacement fund by \$42,892.

NOTE H CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Association to concentrations of credit risk consist of principally cash in banks. The association maintains its cash balances at three financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of the balance sheet date, the Association's deposits in its bank accounts its insured limit by \$263,200.

GREENWICH ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE I SHORT TERM LOAN - INSURANCE

The Association obtained a short-term note payable from a financial institution in the amount of \$190,738 to finance its annual insurance policy premiums. The note is secured by the unexpired portion of the related insurance policies. The note is payable in eleven (11) monthly installments of \$16,483 bears interest at 6.68%, and matures January 2021. As of the balance sheet date, the unpaid balance on the note was \$16,483.

NOTE J CABLE AGREEMENT

The Association entered into a 10 year agreement with a cable company to provide exclusive cable services to the community. The Association received a one time fee of \$38,675 to enter into the agreement. The agreement provides for recovery of any unearned portion of the fee to be recovered in the event of early termination of the agreement. The unexpired portion of the agreement is reported on the balance sheet as deferred revenue.

NOTE K RELATED PARTY PAYMENTS

During the course of the year members of the management and the Board of Directors have advanced personal funds to pay for expenses for the Association. The expenses have been reimbursed upon presentation of the supporting documents. The total reimbursements for 2020 totaled less than \$1,000.

NOTE L LEGAL

The Association has an agreement (see Note F) with the owners of the surrounding property to share costs of certain expenses. The Association believes that certain costs were incurred without their consent and approval. As of the date of the independent auditor's report, The Association has been unsuccessful in negotiating a resolution to the dispute. Legal action is being considered by the Association to resolve the dispute.

NOTE M DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association's management has evaluated events and transactions for potential recognition or disclosure March 31, 2021, which is the date financial statements were available to be issued.

GREENWICH ASSOCIATION, INC.
SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
REPLACEMENTS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2020

Replacement costs and remaining useful lives are estimated annually by management, based on experience and historical costs, and approved by the Board of Directors during the annual budget process.

Accumulated funds, which aggregate \$115,527, are held in separate bank accounts and are generally not available for operating purposes. As of the balance sheet date, the Association deposits in the bank accounts designated for the replacement fund and its contract liability exceeded the balance in the replacement fund by \$42,892.

<u>Component</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Designated for Repairs and Replacements 12/31/20</u>	<u>Annual Funding Per Budget 2021</u>	<u>Annual Funding Necessary to Fully Fund Major Repairs and Replacements Over the Remaining Useful Lives 2021</u>
Pooled reserves	Various	\$ 883,000	\$ 72,635	\$ 76,676	\$ 76,676
Interest	*	*	*	*	*
Total		\$ 883,000	\$ 72,635	\$ 76,676	\$ 76,676