

The Place Master Association, Inc.

**Financial Statements and
Supplementary Information**

**Year Ended
December 31, 2019**

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Independent Auditor's Report

To The Place at Corkscrew, LLC
Fort Myers, Florida

We have audited the accompanying financial statements of The Place Master Association, Inc. (the "Association"), which comprise the balance sheet as of December 31, 2019, and the related statements of revenues and expenses, 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.

Affiliations

American Institute of Certified Public Accountants ♦ Florida Institute of Certified Public Accountants

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Fort Myers ♦ Jacksonville* ♦ Miami ♦ Naples* ♦ Orlando* ♦ Sanibel ♦ Tampa* ♦ West Palm Beach*

*By Appointment Only

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Place Master Association, Inc. as of December 31, 2019, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

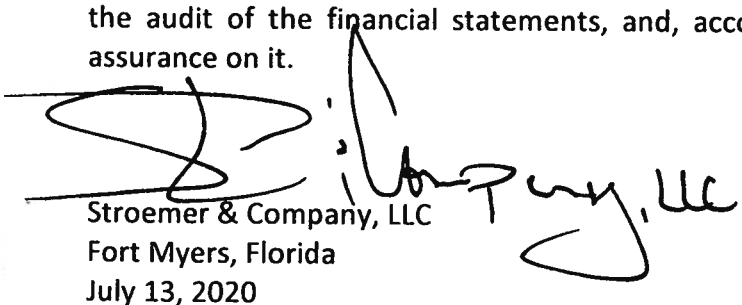
Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note E are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to this matter.

Omission of Required Supplementary Information about Future Major Repairs and Replacements

Management has omitted supplementary information about future major repairs and replacements of common property that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary statement of revenues and expenses - operating fund, which is the responsibility of the Association's management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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.



Stroemer & Company, LLC
Fort Myers, Florida
July 13, 2020

The Place Master Association, Inc.
Balance Sheet
December 31, 2019

| | Operating Fund | Replacement Fund | Total |
|---|---------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash, cash equivalents, and restricted cash | \$ 519,251 | \$ - | \$ 519,251 |
| Member receivables | 61,518 | - | 61,518 |
| Other receivables | 6,225 | - | 6,225 |
| Initial capital contributions receivable | 2,500 | - | 2,500 |
| Inventory | 41,529 | - | 41,529 |
| Prepaid insurance | 8,501 | - | 8,501 |
| Prepaid expenses | 7,425 | - | 7,425 |
| Property and equipment, net | 16,346 | - | 16,346 |
| Utility deposits | 17,402 | - | 17,402 |
| Total assets | \$ 680,697 | \$ - | \$ 680,697 |
| Liabilities and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 168,934 | \$ - | \$ 168,934 |
| Accrued payroll | 58,563 | - | 58,563 |
| Due to Declarant | 155,951 | - | 155,951 |
| Prepaid assessments | 242,249 | - | 242,249 |
| Refundable deposits | 55,000 | - | 55,000 |
| Total liabilities | 680,697 | - | 680,697 |
| Fund balances | - | - | - |
| Total liabilities and fund balances | \$ 680,697 | \$ - | \$ 680,697 |

The accompanying notes are an integral part of this statement.

The Place Master Association, Inc.
Statement of Revenues and Expenses
Year Ended December 31, 2019

| | Operating Fund | Replacement Fund | Total |
|---|---------------------------|-----------------------------|---------------------|
| Revenues | | | |
| Assessments | \$ 1,575,549 | \$ - | \$ 1,575,549 |
| Declarant subsidy | 1,296,572 | - | 1,296,572 |
| Restaurant income | 371,781 | - | 371,781 |
| Café income | 99,061 | - | 99,061 |
| Other income | 14,100 | - | 14,100 |
| Resale contributions | 9,000 | - | 9,000 |
| Interest income | 1,845 | - | 1,845 |
| Tennis income | 1,449 | - | 1,449 |
| Total revenues | 3,369,357 | - | 3,369,357 |
| Expenses | | | |
| Administrative | 403,297 | - | 403,297 |
| Operating | 1,080,671 | - | 1,080,671 |
| Recreation area | 580,817 | - | 580,817 |
| Home site maintenance | 561,337 | - | 561,337 |
| Café marketplace | 180,409 | - | 180,409 |
| Tennis | 6,252 | - | 6,252 |
| Restaurant | 687,074 | - | 687,074 |
| Total expenses | 3,499,857 | - | 3,499,857 |
| Excess of revenues over (under) expenses | \$ (130,500) | \$ - | \$ (130,500) |

The accompanying notes are an integral part of this statement.

The Place Master Association, Inc.
Statement of Changes in Fund Balances
Year Ended December 31, 2019

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|--|---------------------------|-----------------------------|--------------------|
| Balances, January 1, 2019 | \$ - | \$ - | \$ - |
| Initial capital contributions | 130,500 | - | 130,500 |
| Excess of revenues over (under) expenses | <u>(130,500)</u> | <u>-</u> | <u>(130,500)</u> |
| Balances, December 31, 2019 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of this statement.

The Place Master Association, Inc.
Statement of Cash Flows
Year Ended December 31, 2019

| | Operating Fund | Replacement Fund | Total |
|---|-------------------|---------------------|-------------------|
| Cash flows from operating activities: | | | |
| Cash collected from members | \$ 1,831,300 | \$ - | \$ 1,831,300 |
| Cash collected from Declarant | 1,452,313 | - | 1,452,313 |
| Resale contributions received | 9,000 | - | 9,000 |
| Cash paid for expenditures | (3,541,446) | - | (3,541,446) |
| Interest income received | 1,845 | - | 1,845 |
| Cash received from café and restaurant | 470,842 | - | 470,842 |
| Cash received from tennis | 1,449 | - | 1,449 |
| Net cash provided by operating activities | 225,303 | - | 225,303 |
| Cash flows from investing activities: | | | |
| Purchase of equipment | (6,703) | - | (6,703) |
| Net cash used in investing activities | (6,703) | - | (6,703) |
| Cash flows from financing activities: | | | |
| Initial capital contributions received from unit owners | 131,500 | - | 131,500 |
| Net cash provided by financing activities | 131,500 | - | 131,500 |
| Net increase in cash, cash equivalents, and restricted cash | 350,100 | - | 350,100 |
| Cash, cash equivalents, and restricted cash at beginning of year | 169,151 | - | 169,151 |
| Cash, cash equivalents, and restricted cash at end of year | \$ 519,251 | \$ - | \$ 519,251 |
| Cash, cash equivalents, and restricted cash consists of the following: | | | |
| Cash and cash equivalents | \$ 464,251 | \$ - | \$ 464,251 |
| Restricted cash | 55,000 | - | 55,000 |
| | \$ 519,251 | \$ - | \$ 519,251 |

The accompanying notes are an integral part of this statement.

The Place Master Association, Inc.
Statement of Cash Flows (Continued)
Year Ended December 31, 2019

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|--|---------------------------|-----------------------------|-------------------|
| Reconciliation of excess of revenues over (under) expenses to net cash provided by operating activities | | | |
| Excess of revenues over (under) expenses | \$ (130,500) | \$ - | \$ (130,500) |
| Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities: | - | - | - |
| Depreciation expense | 6,506 | - | 6,506 |
| (Increase) decrease in assets: | - | - | - |
| Member receivables | (58,027) | - | (58,027) |
| Other receivables | (3,642) | - | (3,642) |
| Inventory | (34,223) | - | (34,223) |
| Prepaid insurance | (2,638) | - | (2,638) |
| Prepaid expenses | 125 | - | 125 |
| Utility deposits | (627) | - | (627) |
| Increase (decrease) in liabilities: | - | - | - |
| Accounts payable | 10,343 | - | 10,343 |
| Accrued payroll | 40,594 | - | 40,594 |
| Due to Declarant | 155,741 | - | 155,741 |
| Prepaid assessments | 209,123 | - | 209,123 |
| Refundable deposits | 32,528 | - | 32,528 |
| Net cash provided by operating activities | \$ 225,303 | \$ - | \$ 225,303 |

The accompanying notes are an integral part of this statement.

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note A - Summary of Significant Accounting Policies

1. Nature of organization

The Place Master Association, Inc. (the "Association") was incorporated on September 21, 2015 under Chapter 617 of the Florida Statutes as a corporation not for profit to administer the operation and management of the common property of The Place. The Master Declaration of Covenants, Conditions, Easements and Restrictions (the "Declaration") was recorded in the official records of Lee County, Florida, on March 7, 2017 as a homeowners association pursuant to Chapter 720 of the Florida Statutes. The Association consists of 1,325 residential units of which 474 were closed as of December 31, 2019, located in Estero, Florida.

2. Fund accounting

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

Operating fund

This fund is used to account for financial resources available for the general operations of the Association.

Replacement fund

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

The Association prepares its financial statements on the accrual basis of accounting in accordance with Topic 972 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), "Real Estate - Common Interest Realty Associations".

3. Management estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Association to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure 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.

4. Cash and cash equivalents

For purposes of reporting cash flows, the Association considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

5. Restricted cash

Any cash that is legally restricted from use is recorded in restricted cash. Cash and deposits are considered restricted when they are subject to contingent rights of third parties.

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note A - Summary of Significant Accounting Policies (continued)

Restricted cash (continued)

Amounts included in restricted cash represent cash received as security deposits from unit owners for construction using heavy vehicles within the Association. The deposits are generally refundable once the related project is completed and any amounts are deducted for damages sustained to the Association's common areas.

As of December 31, 2019, the Association held \$55,000 of refundable deposits as restricted cash.

6. Member receivables

Member receivables are carried at the original charge amount less an estimate made for doubtful receivables, if any, based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Member receivables are written off when deemed uncollectible. Recoveries of member receivables previously written off are recorded as income when received.

A member receivable is considered to be past due if any portion of the receivable balance is outstanding for more than one month. A late fee is charged on member receivables that are outstanding for more than one month and is recognized as income as it is charged.

As of December 31, 2019, management considers all member receivables to be fully collectible therefore no allowance for doubtful accounts is considered necessary.

7. Fair value of financial instruments

The Association has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value due to the short maturity of these financial instruments.

8. Concentration of credit risk

The Association maintains accounts at a financial institution in bank deposits which, at times, may exceed federally-insured limits. The Association has not experienced any losses on such accounts and believes it is not exposed to any significant risk on cash.

Concentration of credit risk with respect to the receivables relate to billings to unit owners who pay quarterly assessments and live within the Association. The Association does not anticipate credit losses in the near future.

9. Inventory

Inventory, which consists of food and beverages, is stated at the lower of cost or net realizable value using the specific cost method.

The Association held \$41,529 of inventory as of December 31, 2019.

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note A - Summary of Significant Accounting Policies (continued)

10. Property and equipment

Common property of the Association is accounted for in accordance with ASC Subtopic 972-360, "Real Estate - Common Interest Realty Associations - Property, Plant, and Equipment". It is the Association's responsibility to preserve and maintain the common property.

Real property is not recognized as assets.

Common real property to which the Association has title, or other evidence of ownership, that is not recognized as assets in the Association's balance sheet consists of buildings, gatehouses, pools and spas, a clubhouse, tennis courts and roadways.

The Association recognizes common personal property that is used by the Association in operating, preserving, maintaining, repairing, and replacing common property and providing other services, as assets. These assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives.

11. Prepaid assessments

Prepaid assessments represent amounts paid to the Association before the assessments were due.

12. Initial capital contributions

Pursuant to Section 4.12 of the Declaration, a \$500 initial capital contribution shall be due and payable to the Association by the transferee upon the initial conveyance of title to a Unit or Parcel by the Declarant or a Builder.

Initial capital contributions for the year ended December 31, 2019 totaled \$130,500. As of December 31, 2019 there were \$2,500 of initial capital contributions receivable.

13. Resale contributions

Pursuant to Section 4.13 of the Declaration, a \$1,000 resale contribution shall be due and payable to the Association by the transferee upon each conveyance of title to a unit or parcel by an owner subsequent to the initial conveyance of title to the Parcel from the Declarant or a Builder. The resale contribution will be collected at closing and, upon payment, may be used to pay any Association expenses.

Resale contributions for the year ended December 31, 2019 totaled \$9,000.

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note A - Summary of Significant Accounting Policies (continued)

14. Revenue recognition

The following is a description of principal activities from which the Association generates its revenue and their respective treatment under ASC 606.

Operating assessments

The Association's annual budget is the basis for establishing the annual assessment required from each unit owner to cover the Association's operating expenses. The assessments are payable quarterly. The performance obligation for operating assessments is the maintenance and management of the common area property of the Association. The Association recognizes revenue from operating assessments on a daily pro-rata basis using the input method to the extent that collection of the assessments is probable.

Declarant subsidy

Prior to turnover of the Association, in lieu of paying assessments on units owned by the Declarant, the Declarant has elected to subsidize the Association's budget. The Declarant subsidy is calculated in accordance with the Association's governing documents and the Florida statutes. The performance obligation for the Declarant subsidy is determined to be the maintenance of the common area property, which is met on a periodic basis throughout the period prior to turnover (over a period of time).

Because the ultimate transaction price of the Declarant subsidy is highly susceptible to external factors outside of the Association's influence such as volatility in the market and the Declarant's ability to sell units in subsequent years, the total transaction price has a large number of possible outcomes that span a significant range. The uncertainty of the total transaction price is not expected to be resolved until turnover, however the contract with the Declarant is to perform a single performance obligation that is met over a period of time. As a practical expedient, the Association recognizes revenue from the Declarant subsidy using the expected value method by estimating a portion of the transaction price at each reporting date and recognizing that portion as revenue to the extent that it is probable that it will not result in a significant reversal of cumulative revenue recognized in future periods. If any portion of the Declarant subsidy is not deemed probable of future collection, that portion is constrained until such time as the uncertainty is removed.

Resale contributions

The Association's declaration requires the purchaser of a unit to pay a resale contribution to the Association upon the subsequent sale of each unit from an owner who is not the Declarant. The performance obligation is determined to be the sale of the unit. The Association recognizes revenue from resale contributions when the performance obligation is met (at a point in time).

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note A - Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Ancillary operations

Ancillary operations describe any Association activities other than the ordinary maintenance, security, governance, and administrative activities common to most associations. The Association's ancillary operations include:

- Restaurant income
- Cafe income
- Tennis income
- Other income

The Association recognizes revenues from these ancillary operations as the Association's performance obligation for those operations is satisfied. Generally, this is at a point in time when the goods or services are provided.

15. Income taxes

The Association may be taxed as a regular corporation or may elect to be taxed as a homeowners association. For the year ended December 31, 2019, the Association filed its income tax return as a regular Corporation in accordance with Internal Revenue Code Section 277. Under that Section, the Association is taxed on all net income from nonmembership activities reduced only by losses from nonmembership activities for which a profit motive exists. Nonmembership income may not be offset by membership losses, and any net membership losses may only be carried forward to offset membership income of future tax periods. Due to the nature of the Associations operations, the Association believes it is remote that it will utilize either type of loss carryforward. As a result, it is the Association's policy not to disclose the deferred tax asset and related valuation allowance associated with these carryforwards. Any net membership income not applied to the subsequent tax year under Revenue Ruling 70-604 is subject to taxation. Net income is subject to federal tax at a rate of 21% and a state tax rate of 5.5%, after a \$50,000 income exclusion. There was no income tax expense for the year ended December 31, 2019.

During the year ended December 31, 2019 management has elected to apply excess membership income to future periods pursuant to Revenue Ruling 70-604.

The Association follows ASC Topic 740, "Income Taxes" in accounting for uncertain tax positions. The Association's tax filings are generally subject to examination by taxing authorities for three years after the returns are filed. The Association has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that the Association has taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note A - Summary of Significant Accounting Policies (continued)

16. Recently issued accounting standards

The FASB issued new guidance that created ASC Topic 606, "Revenue from Contracts with Customers". 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 an Association expects to be entitled in exchange for those goods or services.

The Association adopted the requirements of this new guidance as of January 1, 2019, 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, 2019. Adoption of the new guidance resulted in changes to the Association's accounting policies for assessment revenue as previously described.

To achieve the core principle of the new guidance, the Association applies the following steps: (i) identify the contract with the customer; (ii) determine whether the promised goods or services are separate performance obligations in the contract or a single performance obligation; (iii) determine the transaction price, including considering the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Association satisfies each performance obligation.

The adoption of the new revenue recognition guidance did not result in any changes to the accompanying financial statements. The Association has no customer contract modification that had an effect on the Association's transition to the new guidance.

Note B - Member Receivables

As of December 31, 2019 and 2018, the Association had member receivables of:

| | <u>2019</u> | <u>2018</u> |
|---------------------------------|------------------|-----------------|
| Member receivables | \$ 61,518 | \$ 3,491 |
| Allowance for doubtful accounts | - | - |
| | <u>\$ 61,518</u> | <u>\$ 3,491</u> |

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note C - Property and Equipment

Property and equipment consisted of the following at December 31, 2019:

| | |
|--------------------------|------------------|
| Vehicles | \$ 12,427 |
| Office equipment | 8,057 |
| | 20,484 |
| Accumulated depreciation | (4,138) |
| | \$ 16,346 |

Depreciation expense for the year ended December 31, 2019 was \$6,506.

Note D - Due to Declarant

In accordance with the provisions of the Declaration, Section 4.6, in lieu of paying assessments on parcels and units which it owns and are subject to assessment or for which it is contractually obligated to fund a Builder's assessment obligation, the Declarant elected to pay any operating expenses incurred that exceed assessments receivable from the other owners and other income of the Association. Other income shall include, but is not limited to, initial capital contributions and resale contributions (the "Declarant subsidy").

| | Operating Fund | Replacement Fund | Total |
|---|---------------------|---------------------|---------------------|
| Common expenses (other than reserves) | \$ 3,499,857 | \$ - | \$ 3,499,857 |
| Initial capital contributions | (130,500) | - | (130,500) |
| Assessments from unit owners other than the Declarant and all other income | (2,072,785) | - | (2,072,785) |
| Declarant subsidy | 1,296,572 | - | 1,296,572 |
| Payments made by the Declarant | (1,452,313) | - | (1,452,313) |
| Due to Declarant at January 1, 2019 | (210) | - | (210) |
| Due to Declarant at December 31, 2019 | \$ (155,951) | \$ - | \$ (155,951) |

Note E - Future Major Repairs and Replacements

Chapter 720 of the Florida Statutes does not require the budgeting of assessments for future major repairs and replacements. The Association has not conducted a study to determine the remaining useful lives and the replacement costs of the common property components, nor has the Association developed a plan to fund those needs. When funds are required to meet future needs for major repairs and replacements, the Association has the option to increase regular assessments, levy special assessments, borrow or delay repairs and replacements until funds are available. The effect on future assessments has not been determined.

The Place Master Association, Inc.
Notes to the Financial Statements
Year Ended December 31, 2019

Note E - Future Major Repairs and Replacements (continued)

THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS. OWNERS MAY ELECT TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A MEETING OR BY WRITTEN CONSENT.

Note F - Related Party Transactions

Declarant

During the year ended December 31, 2019 the Association's Board of Directors was controlled by The Place at Corkscrew, LLC (the "Declarant"). As such the Declarant controlled the Association's management, policy setting, and finances. For the year ended December 31, 2019, 38% of the Association's revenue was derived from the Declarant. As of December 31, 2019, the Association had a balance due to the Declarant of \$155,951.

Note G - Commitments and Contingencies

Insurance coverage

The Association maintains insurance coverage for damage sustained by the common property. The insurance policy contains a deductible clause which would require the Association to pay a certain amount of expenses prior to the insurance company covering the remaining costs. In addition, as certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of any such losses in excess of the deductible cannot be determined.

Note H - Subsequent Events

Management has assessed subsequent events through July 13, 2020, the date on which the financial statements were available to be issued.

Supplementary Information

The Place Master Association, Inc.
Statement of Revenues and Expenses - Operating Fund (Unaudited)
Year Ended December 31, 2019

Revenues

| | |
|-----------------------|------------------|
| Assessments | \$ 1,575,549 |
| Declarant subsidy | 1,296,572 |
| Resale contributions | 9,000 |
| Interest income | 1,845 |
| Other income | 14,100 |
| Restaurant income | 371,781 |
| Café income | 99,061 |
| Tennis income | 1,449 |
| Total revenues | 3,369,357 |

Expenses

Administrative

| | |
|---|----------------|
| Management fees | 109,302 |
| Computer support | 15,390 |
| Depreciation | 6,506 |
| Accounting (review and tax preparation) | 7,027 |
| Licenses/fees/taxes | 773 |
| Insurance | 13,319 |
| Office supplies | 7,456 |
| Community website | 1,252 |
| Professional fees/legal | 12,024 |
| Management payroll expenses | 196,655 |
| Management payroll taxes and fees | 25,032 |
| Management pay related group insurance | 8,561 |
| Total administrative | 403,297 |

Operating

| | |
|-----------------------------------|---------|
| Electric | 68,632 |
| Water and sewer | 6,855 |
| Residents IDs | 3,958 |
| Common area landscape maintenance | 203,209 |
| Common area landscape extras | 33,585 |
| Common area tree trimming | 4,581 |
| Common area irrigation | 5,383 |
| Alarm monitoring | 7,450 |

The Place Master Association, Inc.
Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)
Year Ended December 31, 2019

| | |
|--------------------------------------|------------------|
| Access control -gatehouse | 315,492 |
| Gatehouse maintenance | 20,954 |
| Gatehouse phones | 4,384 |
| General repairs | 8,793 |
| Lake/preserve maintenance/monitoring | 361,895 |
| Aerators maintenance | 13,396 |
| Holiday lights | 22,104 |
| Total operating | <u>1,080,671</u> |
| Recreation area | |
| Trash removal | 2,565 |
| Telephone | 12,654 |
| Janitorial supplies | 37,050 |
| Pool/spa maintenance | 104,404 |
| Electric | 87,776 |
| Water and sewer | 32,290 |
| Maintenance | 41,694 |
| Landscape contract | 143,917 |
| Landscape extras | 900 |
| Payroll | 96,304 |
| Payroll taxes and fees | 12,296 |
| Pay related group insurance | 3,672 |
| Clubhouse activities | 5,177 |
| Tennis center | 118 |
| Total recreation area | <u>580,817</u> |
| Home site maintenance | |
| Landscape maintenance | 482,465 |
| Mulch/white fly | 74,711 |
| Irrigation maintenance | 4,161 |
| Total home site maintenance | <u>561,337</u> |
| Café marketplace | |
| COGS - Food | 29,913 |
| COGS - Grocery | 68 |
| COGS - Non-food | 788 |
| COGS - Soft beverage | 6,937 |
| COGS - Beer | 4,922 |

The Place Master Association, Inc.
Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)
Year Ended December 31, 2019

| | |
|----------------------------------|----------------|
| COGS - Liquor | 2,140 |
| COGS - Wine | 1,590 |
| COGS - Bar perishable | 734 |
| Bank charges/credit card fees | 5,215 |
| Employee discount | 203 |
| Computer support | 3,239 |
| Equipment repair and maintenance | 2,041 |
| Ice machine | 1,754 |
| Janitorial supplies | 1,139 |
| Laundry and linen | 4,426 |
| Licenses/permits | 3,012 |
| Office supplies | 2,816 |
| Paper supplies | 1,957 |
| Payroll | 83,523 |
| Payroll taxes and fees | 12,670 |
| Related group insurance | 3,653 |
| Register supplies | 395 |
| Service agreements | 882 |
| Supplies | 4,756 |
| China/glass/silver supply | 829 |
| Uniforms | 807 |
| | <hr/> |
| Total café marketplace | 180,409 |
| Tennis | |
| Building maintenance | 822 |
| Computer support | 2,283 |
| Office supplies | 300 |
| Repairs/maintenance | 959 |
| Tennis supplies non-office | 1,589 |
| License/education | 299 |
| | <hr/> |
| Total tennis | 6,252 |
| Restaurant | |
| COGS - Food | 123,115 |
| COGS - Beer | 9,799 |
| COGS - Liquor | 22,646 |
| COGS - Wine | 14,030 |

The Place Master Association, Inc.
Statement of Revenues and Expenses - Operating Fund (Unaudited) (Continued)
Year Ended December 31, 2019

| | |
|---|----------------------------|
| COGS - Soft beverage | 4,289 |
| COGS - Perishable | 3,071 |
| Bank charge/credit card fee | 8,062 |
| Computer support | 18,927 |
| Discount employee meal | 3,245 |
| Entertainment | 17,155 |
| Equipment rental | 8,629 |
| Equipment repair and maintenance | 976 |
| Fire protection | 943 |
| Ice machine | 2,828 |
| Janitorial/supplies | 22,006 |
| LP gas | 5,643 |
| Laundry and linen | 5,940 |
| Licenses/permits | 619 |
| Office supplies | 2,703 |
| Paper supplies | 10,268 |
| Payroll | 278,357 |
| Payroll taxes and fees | 46,719 |
| Payroll related group insurance | 9,457 |
| Pest control | 2,104 |
| Printing/copier lease | 484 |
| Register supplies | 641 |
| Service agreements | 7,262 |
| Supplies | 17,235 |
| China/glass/silver supply | 13,368 |
| Telephone/cell reimbursement | 225 |
| Trash removal | 2,596 |
| Uniforms | 1,967 |
| Electric | 17,673 |
| Water/sewer | 4,092 |
| | <hr/> |
| Total restaurant | 687,074 |
| | <hr/> |
| Total expenses | 3,499,857 |
| | <hr/> |
| Excess of Revenues Over (Under) Expenses | <u>\$ (130,500)</u> |