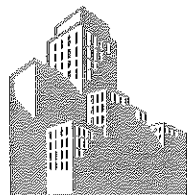


**Key Vista Villas Homeowners
Association, Inc.**

Reviewed Financial Statements

**For the Year Ending
December 31, 2015**

Client Copy



PAGE & COMPANY ■

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
Holiday, Florida

REVIEWED FINANCIAL STATEMENTS

DECEMBER 31, 2015

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
Holiday, Florida

CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 - 2
FINANCIAL STATEMENTS	3 - 5
Balance Sheet	
Statement of Revenues and Expenses and Changes in Fund Balances	
Statement of Cash Flows	
NOTES TO FINANCIAL STATEMENTS	6 - 9
SUPPLEMENTARY FINANCIAL INFORMATION	10 - 13
Supplementary Information On Future Major Repairs And Replacements	
Schedule of General & Administrative Operating Expenses	
Schedule of Actual To Budgeted Expense Comparison - Operating Fund	

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Key Vista Villas Homeowners Association, Inc.
Holiday, Florida

We have reviewed the accompanying financial statements of Key Vista Villas Homeowners Association, Inc., which comprise the balance sheet as of December 31, 2015, and the related statements of revenues and expenses, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Association management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; 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.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have not audited, reviewed, or compiled the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on it.

Supplementary Information

The information included in the accompanying supplementary schedule of Actual to Budget Comparison-Operating Fund is not a required part of the basic financial statements, but is presented for the purposes of additional analysis. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the supplementary information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on it.

Page & Company

Safety Harbor, Florida

March 28, 2016

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.

Holiday, Florida

BALANCE SHEET
DECEMBER 31, 2015

	Operating Fund	Reserve Fund	Total
ASSETS			
CASH			
Cash and cash equivalents	\$ 33,167	\$ 113,715	\$ 146,882
ACCOUNTS RECEIVABLE			
Owners' delinquent maintenance assessments - net of allowance for doubtful accounts of \$21,195	2,905	-	2,905
OTHER ASSETS			
Prepaid expenses	8,942	-	8,942
Utility deposits	1,115	-	1,115
TOTAL ASSETS	<u>\$ 46,129</u>	<u>\$ 113,715</u>	<u>\$ 159,844</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 399	\$ -	\$ 399
Prepaid maintenance assessments	13,078	-	13,078
Clubhouse funds	315	-	315
Flag pole donations	45	-	45
Interfund (receivable)/payable	-	-	-
	13,837	-	13,837
FUND BALANCES	<u>32,292</u>	<u>113,715</u>	<u>146,007</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 46,129</u>	<u>\$ 113,715</u>	<u>\$ 159,844</u>

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.

Holiday, Florida

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Operating Fund	Reserve Fund	Total
REVENUES			
Regular assessments	\$ 195,469	\$ 45,011	\$ 240,480
Interest income	39	818	857
Other income	122	-	122
Total revenues	<u>195,630</u>	<u>45,829</u>	<u>241,459</u>
EXPENSES			
General & administrative operating expenses	183,655	-	183,655
Bad debt expense	1,200	-	1,200
Reserve expenses	-	307,257	307,257
Total expenses	<u>184,855</u>	<u>307,257</u>	<u>492,112</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	10,775	(261,428)	(250,653)
INTERFUND TRANSFERS	(943)	943	-
BEGINNING FUND BALANCES	<u>22,460</u>	<u>374,200</u>	<u>396,660</u>
ENDING FUND BALANCES	<u>\$ 32,292</u>	<u>\$ 113,715</u>	<u>\$ 146,007</u>

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.

Holiday, Florida

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Operating Fund	Reserve Fund	Total
CASH PROVIDED (USED) BY OPERATIONS			
Excess (deficit) of revenues over expenses	\$ 10,775	\$ (261,428)	\$ (250,653)
Adjustment to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Bad debt expense	1,200	-	1,200
(Increase)/decrease in:			
Assessments receivable	2,537	-	2,537
Prepaid expense	333	-	333
Increase/(decrease) in:			
Accounts payable	(7,381)	-	(7,381)
Prepaid assessments	1,561	-	1,561
Flag pole donations	(53)	-	(53)
TOTAL CASH PROVIDED (USED) BY OPERATIONS	8,972	(261,428)	(252,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interfund (receivable)/payable	-	-	-
Interfund transfers	(943)	943	-
NET INCREASE (DECREASE) IN CASH	8,029	(260,485)	(252,456)
TOTAL CASH, beginning of year	25,138	374,200	399,338
TOTAL CASH, end of year	\$ 33,167	\$ 113,715	\$ 146,882
Income taxes paid in 2015:	\$ -	\$ -	

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
Holiday, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - NATURE OF ORGANIZATION

Key Vista Villas Homeowners Association, Inc. is a homeowners association (a not-for-profit corporation) incorporated in the State of Florida on July 18, 2000. The Association is responsible for the administration, operation and maintenance of the common areas of the Key Vista Villas Homeowners Association. The common property includes the clubhouse, pool, parking lot, trees, lawns, and shrubs. Key Vista Villas Homeowners Association, Inc. consists of 167 residential units located in Holiday, Florida. Disposition of the common area elements requires consent of the members. All policy decisions, including the annual budget, are formulated by the Board of Directors. Major decisions are referred to the general membership before action is taken.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Association's significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

Basis of Presentation

The accompanying financial statements include the assets, liabilities, fund balances, revenue, and expenses as determined using the accrual basis of accounting. Income is thereby recognized in the period in which the right to receive such income is established, not necessarily when it is received, and expenses are recognized in the period in which they are incurred, not necessarily when they are paid.

Fund Accounting

The Association's governing documents provide certain guidelines for carrying out its financial activities. To ensure observance of limitations and restrictions on the use of financial resources, 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.

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

Member Assessments

Association members are subject to annual assessments, payable monthly, to provide funds for the Association's operating and replacement reserve funds. The annual assessments are determined by the Board of Directors. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments become delinquent. Interest is charged on past due accounts in accordance with the Association's covenants. The excess of assessments over expenses of operations at year end, if any, is retained by the Association for use in the next year.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Association places its cash with high credit quality financial institutions, and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
Holiday, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of 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 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.

Property and Equipment

The Association capitalizes all property and equipment to which it has title or other evidence of ownership, with the exception of real property directly associated with the units. Common personal property and equipment are stated at cost. As of December 31, 2015, no personal property has been capitalized.

NOTE 3 - OWNERS' MAINTENANCE ASSESSMENTS

Association members are assessed annually to provide funds for the Association's operating expenses, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. Delinquent accounts are considered collectible until such time that the Board of Directors has exhausted the collection process and in the opinion of legal counsel, all or a portion of the balance is deemed uncollectible.

The owners' monthly maintenance installments in effect during the period covered by this review were \$120.

NOTE 4 - INCOME TAXES

The Association filed its federal income tax return for 2015 as a homeowners association under Section 528 of the Internal Revenue Code. Under Section 528, income from unit assessments is not taxable to the association and expenses related to providing the services required of the association are not deductible ("exempt function" income and expense). Generally all other income not received by pro rata assessments of the association members net of any expenses directly related to the generation of such income is fully taxable to the extent such net income exceeds \$100 ("non-exempt function" income and expenses). Homeowner associations filing under Section 528 are exempt from State of Florida corporate income taxes.

For the year ended December 31, 2015, the Association owed no federal income taxes. An Association's income tax returns are subject to examination by the Internal Revenue Service for the period ending three years after the return is filed. As of December 31, 2015, tax returns for the calendar years of 2012 through 2014 remained subject to examination.

NOTE 5 - COMMITMENTS

The Association has entered into various agreements with vendors to maintain the common property. These agreements are of differing expiration dates and renewal terms.

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.

Holiday, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 6 - RESERVE FUND

The Association's governing documents require that funds be accumulated for future major repairs and replacements. These accumulated funds are held in separate savings accounts and are generally not available for expenditures for normal operations.

The board is funding for major repairs and replacements over the remaining useful lives of the components, based on estimates of future replacement costs, and considering amounts previously accumulated in the replacement fund.

Funds are being accumulated in the replacement fund based on estimated future costs for repairs and replacements of common property components. Actual expenditures and investments income may vary from estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacement until funds are available.

Current reserve activity is as follows:

<u>Components</u>	<u>Beginning Balance</u>	<u>Amount Funded</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Ending Balance</u>
Painting Reserves	\$ 327,659	\$ 32,200	\$ (266,554)	\$ 943	\$ 94,248
Common Area Reserve	42,790	12,811	(40,679)	-	14,922
Unallocated Interest Reserve	3,751	818	(24)	-	4,545
Total	<u>\$ 374,200</u>	<u>\$ 45,829</u>	<u>\$ (307,257)</u>	<u>\$ 943</u>	<u>\$ 113,715</u>

In 2015, the Association transferred \$943 of excess Operating Funds to the Reserve Fund. This is shown on these financial statements as an Interfund Transfer on the income statement.

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
Holiday, Florida

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the value of such assets and liabilities.

NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 28, 2016, which is the date the financial statements were available to be issued.

NOTE 9 – CONCENTRATION OF CREDIT RISK

The Association's primary source of income is assessments paid by owners. The Association's policy is to retain legal counsel and place liens on the properties of unit owners whose assessments are ninety days or more delinquent. Interest is charged on past due accounts in accordance with the Association's covenants. Should the collection of such liens be enforced by the sale of the unit, the collectability of the receivable is dependent on the quick sale market value of the unit, and the amount of any such other liens which have priority. Market value may be influenced by the real estate market in Holiday, Florida.

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
Holiday, Florida

SUPPLEMENTARY INFORMATION

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.

Holiday, Florida

SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS

(Unaudited)

DECEMBER 31, 2015

The board of directors has estimated the remaining useful lives and the replacement costs of the components of the common property. The estimates were based on future estimated replacement costs.

For 2016, the Association voted to partially fund Reserves.

The following table is based on these estimated values, and presents significant information about the components of the common property.

<u>Components</u>	<u>Estimated Remaining Useful Life (Years)</u>	<u>Estimated Replacement Cost</u>	<u>2016 Full Funding Requirement</u>	<u>2016 Budgeted Funding</u>	<u>Components of Fund Balance 12/31/2015</u>
Painting Reserves	10	\$ 285,000	\$ 28,500	\$ 28,500	\$ 94,248
Common Area Reserve	4	78,000	20,000	20,000	14,922
Unallocated Interest Reserve	-	-	-	-	4,545
Total		<u>\$ 363,000</u>	<u>\$ 48,500</u>	<u>\$ 48,500</u>	<u>\$ 113,715</u>

A professional study to determine the adequacy of the current funding program for replacement and deferred maintenance of the Association's common areas was not conducted in 2015.

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.

Holiday, Florida

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF GENERAL & ADMINISTRATIVE OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

GENERAL & ADMINISTRATIVE OPERATING EXPENSES

Lawn Maintenance Contract	\$	95,005
Additional Lawn work		11,610
Irrigation Maintenance		7,855
Electric		6,085
Water/Sewer Expense		2,220
Pool Contract		6,696
Pool/Solar Maintenance		2,276
Pool/Spa Permits		290
Pool/Spa Heating		2,500
Building Maintenance		1,439
Common Area Maintenance		582
Janitorial		6,872
Telephone		1,646
Cable Service		357
Pest Control		200
Management Fees		17,051
Office Expense		5,976
Accounting/Tax Preparation		1,375
Legal & Professional Fees		1,188
Annual Corporate Report		61
Insurance		10,161
Internet Service		594
Gate Electric		352
Gate Entry Telephone		681
Gate Maintenance		583
TOTAL	\$	183,655

KEY VISTA VILLAS HOMEOWNERS ASSOCIATION, INC.
 Holiday, Florida

SUPPLEMENTARY FINANCIAL INFORMATION
SCHEDULE OF ACTUAL TO BUDGETED EXPENSE COMPARISON - OPERATING FUND
 (Unaudited)
FOR THE YEAR ENDED DECEMBER 31, 2015

	Actual	Budgeted	Over/(Under)
INCOME			
Assessment/Maintenance Fees	\$ 195,469	\$ 194,040	\$ 1,429
Other Income	122	-	122
Interest Income	39	-	39
TOTAL INCOME	<u>195,630</u>	<u>194,040</u>	<u>1,590</u>
EXPENSE			
Lawn Maintenance Contract	95,005	87,380	7,625
Additional Lawn Work	11,610	22,000	(10,390)
Irrigation Maintenance	7,855	5,880	1,975
Electric	6,085	6,000	85
Water/Sewer Expense	2,220	4,000	(1,780)
Pool Contract	6,696	6,000	696
Pool/Solar Maintenance	2,276	1,200	1,076
Pool/Spa Permits	290	300	(10)
Pool/Spa Heating	2,500	4,000	(1,500)
Building Maintenance	1,439	2,800	(1,361)
Common Area Maintenance	582	1,800	(1,218)
Janitorial	6,872	6,000	872
Telephone	1,646	1,500	146
Cable Service	357	480	(123)
Pest Control	200	300	(100)
Management Fees	17,051	17,400	(349)
Office Expense	5,976	4,500	1,476
Accounting/Tax Preparation	1,375	1,400	(25)
Legal & Professional Fees	1,188	3,000	(1,812)
Annual Corporate Report	61	60	1
Insurance	10,161	11,600	(1,439)
Internet Service	594	800	(206)
Bad Debt	1,200	1,200	-
Gate Electric	352	300	52
Gate Entry Telephone	681	640	41
Gate Maintenance	583	3,500	(2,917)
TOTAL EXPENSE	<u>184,855</u>	<u>194,040</u>	<u>(9,185)</u>
NET TOTAL	<u>\$ 10,775</u>	<u>\$ -</u>	<u>\$ 10,775</u>