

**WEYBOURNE LANDING NEIGHBORHOOD
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

**WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
FINANCIAL STATEMENTS**

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Independent Auditor's Report

To the Board of Directors of
Weybourne Landing Neighborhood
Association, Inc.
Ocala, Florida

Opinion

We have audited the accompanying financial statements of Weybourne Landing Neighborhood Association, Inc. (the Association), which comprise the balance sheet as of December 31, 2023, and the related statements of revenues and 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 the Association as of December 31, 2023, 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 the Association 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 the Association'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

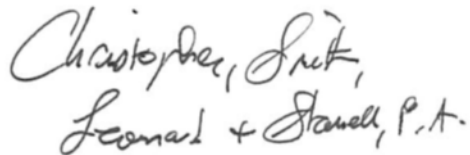
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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 the Association'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 the Association'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.

Handwritten signature in cursive script that reads "Christopher, Smith, Leonard & Stanell, P.A.".

**CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.**

March 19, 2024
Bradenton, Florida

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 11,984
Maintenance assessments receivable	14
Due from developer	<u>85,480</u>

TOTAL ASSETS \$ 97,478

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$ 71,609
Assessments received in advance	561
Due to management company	724
Due to master association	<u>24,584</u>

TOTAL LIABILITIES 97,478

FUND BALANCE

TOTAL LIABILITIES AND FUND BALANCE \$ 97,478

The accompanying notes are an integral part of these financial statements.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUES	
Community service fees	\$ 925,275
Developer contributions	85,899
Working capital assessment	45,770
Miscellaneous income	38,104
TOTAL REVENUES	1,095,048
 EXPENSES	
Gate operations	2,164
Management services agreement	401,274
Master Association fees	250,328
Insurance	5,918
Grounds maintenance	323,364
Utilities	71,251
General and administrative	3,148
Professional fees	28,133
ACH rebates	9,468
TOTAL EXPENSES	1,095,048
EXCESS OF REVENUES OVER EXPENSES	-
FUND BALANCE, Beginning of year	-
FUND BALANCE, End of year	\$ -

The accompanying notes are an integral part of these financial statements.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from members	\$ 1,028,974
Cash paid to developer	25,446
Cash paid for operating activities	<u>(1,480,864)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(426,444)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(426,444)
CASH AND CASH EQUIVALENTS – Beginning of year	<u>438,428</u>
CASH AND CASH EQUIVALENTS – End of year	<u><u>\$ 11,984</u></u>
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
EXCESS OF REVENUES OVER EXPENSES	\$ -
Adjustments to reconcile excess of revenues over expenses to net cash provided (used) by operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in maintenance assessments receivable	19,264
(Increase) decrease in due from developer	(85,037)
Increase (decrease) in accounts payable	34,379
Increase (decrease) in assessments received in advance	561
Increase (decrease) in due to management company	(420,195)
Increase (decrease) in due to master association	<u>24,584</u>
Net cash provided (used) by operating activities	<u><u>\$ (426,444)</u></u>

The accompanying notes are an integral part of these financial statements.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ORGANIZATION

Weybourne Landing Neighborhood Association, Inc., (the Association), was incorporated on February 5, 2019 as a not-for-profit corporation in the State of Florida for the purpose of carrying out the duties and exercising the powers imposed or conferred upon the Association pursuant to the Declaration of Covenants, Conditions and Restrictions. The Association is a homeowners association under Chapter 720, Florida Statutes. At December 31, 2023, the development consisted of 485 residential units located in Ocala, Florida. On Top of the World Communities, LLC is the developer of the Weybourne Landing neighborhood.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Association prepares its financial statements on the accrual basis of accounting. The Association maintains its accounts using fund accounting. The Association currently utilizes an Operating Fund.

Future Major Repairs and Replacements

The Association has not estimated the remaining useful lives and replacement costs of the structures and/or their components.

THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS REGARDING THOSE ITEMS. OWNERS MAY ELECT TO PROVIDE FOR FULLY FUNDED 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.

Member Assessments and Revenue Recognition

Association members are subject to monthly assessments, referred to as community service fees (CSF), to provide for the common expenses and operation of the Association. Assessments are determined annually by the Board and approved in the annual operating budget. Assessments are charged to members on a per unit basis. Member assessments are collected in the month the assessment is due.

Pursuant to the Declaration of Covenants, Conditions and Restrictions of the Association, assessments are allocated to members based on the members' share of the total annual requirement. The Association's policy is to place liens on the properties of members whose assessments are two months delinquent. At December 31, 2023 and 2022, assessments receivable amounted to \$14 and \$0 for amounts due, but not received prior to year end. The Association determines a credit loss allowance based on a review of the current status of existing receivables and management's estimate as to their collectability, as well as evaluation of current conditions, and reasonable and supportable forecasts of future losses to determine estimated credit losses. The Association evaluated its receivables and determined that no credit loss allowance was necessary.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Member Assessments and Revenue Recognition – continued

Association members are also subject to a monthly assessment for operation of Circle Square Ranch Master Association, Inc. (Master Association). Assessments are determined annually by the Master Association’s Board and approved in its annual operating budget. Assessments are charged to members on a per unit basis, are recognized in the period to which they apply, and are included in the line community service fees in the statement of revenues and expenses and changes in fund balance. The Association collects the fees and remits to the Master Association. The total collected and remitted in 2023 was \$250,328.

Member assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association’s performance obligation related to its operating assessments (CSF) is satisfied over time on a daily pro-rata basis using the input method. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners.

Assessments received in advance of the period to which they apply are recorded as assessments received in advance. Assessments received in advance were \$561 and \$0 at December 31, 2023 and 2022, respectively.

Special Assessments

The Board may levy additional, special assessments as needed for special projects not included in the budget. Special assessments revenue is recognized in the period that the expense for which it was levied is incurred and the performance obligation is satisfied. There were no special assessments in 2023.

Working Capital Assessment

Association:

Pursuant to the Declaration of Covenants, Conditions, and Restrictions, the Association shall be paid a one-time only contribution to working capital equal to two twelfths of the annual assessment rate applicable to each residential unit. The contribution is due at the earlier of the time of closing or upon occupancy.

Master:

Pursuant to the Declaration of Covenants, Conditions, and Restrictions, the Association shall collect and remit to Circle Square Ranch Master Association, a one time working capital contribution equal to two twelfths of the annual assessments due the Master Association.

Income Taxes

Homeowners’ associations may be taxed either as homeowners’ associations or as regular corporations. For the year ended December 31, 2023, the Association elected to be taxed as a homeowners’ association and has elected to file Form 1120H. As a homeowners’ association, membership income is exempt from taxation. Interest and rental income is non-membership income and is subject to income taxes. At December 31, 2023, there were no material amounts of income taxes payable. The Association has no ongoing federal, state or local tax audits; however, the Association’s past three tax years remain open to inspection by the Internal Revenue Service.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Common Property

The Association has no common properties. The amenities and roadways are owned by separate entities.

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 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.

Cash and Cash Equivalents

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

Concentrations of Credit Risk

The Association maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Association has not experienced any losses in the past related to bank deposits in excess of insured limits. The Association believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Adoption of New Accounting Standard

Effective January 1, 2023, the Association adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including assessments receivables.

The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for assessments receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current practice, which generally require that a loss be incurred before it is recognized.

The adoption of this accounting standard update had no effect on fund balance as initially reported.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C – RELATED PARTIES

The Association has contracted with Parkway Maintenance & Management Marion, LLC, (Parkway), to perform management and maintenance services, as well as provide for the use of amenities. A member of the Association's Board of Directors has an ownership interest in Parkway. In addition, certain members of the Association's Board of Directors are officers of Parkway. The amenities provided are also owned by a related party. During the year ended December 31, 2023, Parkway provided management services in the amount of \$401,274 to the Association. At December 31, 2023, \$724 is due to Parkway.

NOTE D – DEVELOPER GUARANTEE

During 2023, the Developer guaranteed the excess of operating expenses over assessments and other income. In accordance with the Declaration of Covenants, Conditions and Restrictions for the Association: Until not later than when the Developer is no longer entitled to appoint a majority of the members of the Board of the Association, the Developer may pay the operating expenses incurred by the Association in excess of the assessments receivable from other owners and other income of the Association. So long as the Developer pays the shortfall described in the preceding sentence, the Developer shall be exempt from payment of assessments with respect to residential units in the Association owned by the Developer.

The Developer may at any time deliver written notice to the Association of its election to stop paying the operating deficits of the Association. Following the termination or expiration of the Developer's shortfall payments, the Developer shall commence paying in accordance with the Declaration the applicable per residential unit assessments for each assessable residential unit then owned by the Developer, prorated for the year in which such payment commences.

The Association's income from members was \$925,275 in community service fees, \$45,770 in working capital assessments and \$38,104 in miscellaneous income, for a total of \$1,009,149. Total expenses of the Association were \$1,095,048. As a result, Developer contributions were \$85,899. The amount due from Developer at December 31, 2023 was \$85,480.

WEYBOURNE LANDING NEIGHBORHOOD ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – GEOGRAPHIC EXPOSURE TO CATASTROPHIC LOSS

The Association has possible exposure to catastrophic losses based on the location of the property. These catastrophes can be caused by various events, including hurricanes, windstorms, hail and flood, and the incidence and severity of catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of both the total amount of insured exposure by the type of event and severity of the event. The Association generally seeks to reduce its exposure to catastrophes through individual risk selection and the purchase of catastrophe insurance. In the event of such a catastrophe, significant special assessments may be necessary to provide for deductibles and retention amounts consistent with insurance policy provisions.

NOTE F – SUBSEQUENT EVENTS

The Association has evaluated subsequent events through March 19, 2024 which is the date the financial statements were available to be issued.