

**LONG BAYOU CONDOMINIUM
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

DECEMBER 31, 2021

**LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Long Bayou Condominium Association, Inc.
St. Petersburg, Florida

We have audited the accompanying financial statements of Long Bayou Condominium Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, expenses and 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 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 controls relevant to the preparation and fair presentation of the basic financial statements that are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Bayou Condominium Association, Inc. as of December 31, 2021, 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.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property on Page 13 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 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 consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Weiss & Company, CPAs, P.A.

Clearwater, Florida

August 15, 2022

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2021

	Operating Fund	Replacement Fund	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 42,122	\$ 604,682	\$ 646,804
Assessments Receivable	13,979	-	13,979
Due From Operating Fund	-	110,000	110,000
Prepaid Insurance	163,578	-	163,578
Prepaid Income Tax	1,506	-	1,506
Equipment, Net of Accumulated Depreciation	37,960	-	37,960
Utility Deposit	60	-	60
	<u>\$ 259,205</u>	<u>\$ 714,682</u>	<u>\$ 973,887</u>
Total Assets	<u>\$ 259,205</u>	<u>\$ 714,682</u>	<u>\$ 973,887</u>
<u>LIABILITIES & FUND BALANCES</u>			
Liabilities			
Accounts Payable	22,444	-	22,444
Prepaid Member Assessments	39,353	-	39,353
Due To Replacement Fund	110,000	-	110,000
Contract Liabilities (Assessments Received in Advance-Replacement Fund)	-	714,682	714,682
Other Liabilities	3,063	-	3,063
	<u>174,860</u>	<u>714,682</u>	<u>889,542</u>
Total Liabilities	<u>174,860</u>	<u>714,682</u>	<u>889,542</u>
Fund Balances	<u>84,345</u>	<u>-</u>	<u>84,345</u>
Total Liabilities & Fund Balances	<u>\$ 259,205</u>	<u>\$ 714,682</u>	<u>\$ 973,887</u>

See Notes to the Financial Statements.

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues			
Regular Assessments	\$ 1,105,778	\$ 6,002	\$ 1,111,780
The Palms	37,521	-	37,521
The Villas of Long Bayou	14,783	-	14,783
Laundry Income	23,638	-	23,638
Interest Income	17	313	330
Late Fees	1,900	-	1,900
Other Income	4,915	-	4,915
Total Revenues	<u>1,188,552</u>	<u>6,315</u>	<u>1,194,867</u>
Expenses			
Management Fees	47,255	-	47,255
Building Maintenance	63,738	-	63,738
Grounds Maintenance	53,994	-	53,994
Insurance	304,440	-	304,440
Professional Fees	13,604	-	13,604
Master Road Association Fees	78,912	-	78,912
Utilities	355,614	-	355,614
Payroll Costs	158,602	-	158,602
Recreation Center Costs	80,509	-	80,509
Depreciation Expense	12,078	-	12,078
Administrative Expenses	15,245	-	15,245
Repairs and Replacements	-	6,315	6,315
Total Expenses	<u>1,183,991</u>	<u>6,315</u>	<u>1,190,306</u>
Excess of Revenues over Expenses	4,561	-	4,561
Fund Balances, Beginning of Year	<u>79,784</u>	<u>-</u>	<u>79,784</u>
Fund Balances, End of Year	<u>\$ 84,345</u>	<u>\$ -</u>	<u>\$ 84,345</u>

See Notes to the Financial Statements.

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash Flows From Operating Activities			
Reconciliation of Excess of Revenues Over Expenses To Net Cash From Operating Activities:			
Excess of Revenues Over Expenses	<u>\$ 4,561</u>	<u>\$ -</u>	<u>\$ 4,561</u>
Adjustments To Reconcile Excess Of Revenues Over Expenses To Net Cash From Operating Activities:			
Depreciation	7,465		
Increase In Assessments Receivable	(9,321)	-	(9,321)
Increase In Prepaid Insurance	(26,454)	-	(26,454)
Increase In Accounts Payable	11,832	-	11,832
Increase In Prepaid Member Assessments	5,847	-	5,847
Increase In Contract Liabilities (Assessments Received Advance-Replacement Fund)		81,577	81,577
Decrease In Other Liabilities	<u>(78)</u>	<u>-</u>	<u>(78)</u>
Total Adjustments	<u>(10,709)</u>	<u>81,577</u>	<u>63,403</u>
Net Cash From Operating Activities	(6,148)	81,577	75,429
Interfund Transfers	(25,000)	25,000	-
Cash & Cash Equivalents at Beginning of Year	<u>73,270</u>	<u>498,105</u>	<u>571,375</u>
Cash & Cash Equivalents at End of Year	<u>\$ 42,122</u>	<u>\$ 604,682</u>	<u>\$ 646,804</u>
Supplemental Disclosure:			
Income Taxes Paid	\$ -	\$ -	\$ -
Interest Paid	\$ -	\$ -	\$ -

See Notes to the Financial Statements.

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 – NATURE OF ORGANIZATION

Long Bayou Condominium Association, Inc. (the “Association”) was organized on June 15, 1973, as a not-for-profit Florida corporation. The Association consists of 272 residential units in St. Petersburg, Florida. The Association operates under the provisions of the Florida Statutes. The primary function of the Association is to provide for the operation and maintenance of the common property within the development.

NOTE 2 – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through August 15, 2022, the date that the financial statements were available to be issued.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The Association’s governing documents provide certain guidelines for governing 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.

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

Cash and Cash Equivalents

For the purposes of the balance sheet and statement of cash flows, the Association considers demand deposits with banks, certificates of deposit, money market funds and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Member Assessments

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. 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 units of members whose assessments are delinquent. Any excess assessments at year end are retained by the Association for use in the succeeding year. At December 31, 2021, the Association had delinquent assessments of \$13,979, and in the opinion of management and the board of directors, these assessments are fully collectible; therefore, an allowance for doubtful accounts is not required.

Real Property and Equipment

Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements because those properties are owned by the individual unit owners as undivided interest in common and not by the Association. The Association is responsible for maintaining the assets of the Association, including the exterior of the buildings and common areas. The Association capitalizes property and equipment to which it holds title or has other evidence of ownership. Property and equipment are depreciated using the straight-line method.

Contract Liabilities (Assessments Received in Advance-Replacement Fund)

The Association recognized revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement) is recorded when the association has the right to receive payment in advance of the satisfaction of performance the performance obligations related to replacement reserve assessments. During the current year, the Association assessed and received \$87,579 in the replacement fund. The balance of contract liabilities (assessments received in advance-replacement fund) as of the beginning and end of the year are \$633,105 and \$714,682, respectively.

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 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.

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Association places its cash balances in financial institutions regulated by the United States of America. From time to time the Association's bank balances may exceed the federally insured limit of \$250,000. As of December 31, 2021, the Association has cash balances that exceeded federally insured limits in the amount of \$308,782.

NOTE 5 – INCOME TAXES

The Association filed its income tax return as a regular corporation. As a regular corporation, membership income is exempt from taxation and the Association is taxed only on its non-membership income, net of directly related expenses, at regular federal and state corporate rates. The Association did not incur income tax expense for the year ended December 31, 2021.

NOTE 6 – RELATED PARTY TRANSACTIONS

A member of the Association's board of directors entered into an agreement with the Association to provide services to the Association. The services are in addition to their duties as described in the by-laws of the Association. The board of directors believes the payments to the member of the Association's board of directors are reasonable and appropriate.

NOTE 7 – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION

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

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

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021

NOTE 7 – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION - CONTINUED

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

Fund balances, as previously reported at January 1, 2021	\$ 717,450
Adjustment	<u>(633,105)</u>
Fund balances, as adjusted at January 1, 2021	<u>\$ 84,345</u>

The effect of the adoption is a decrease in 2021 assessments by \$81,577 and a recording of a contract liability (assessments received in advance – replacement fund) at December 31, 2021, of \$714,682. The Association has no customer contract modifications that had an effect on the Association’s transition to the new guidance.

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

	<u>Amounts That Would Have Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Liabilities:</u>			
Contract Liabilities (Assessments Received In Advance – Replacement Fund)	\$ -	\$ 714,682	\$ 714,682
<u>Fund Balances:</u>			
Ending Fund Balances	\$ 799,027	\$ (714,682)	\$ 84,345

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

	<u>Amounts That Would Have Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Revenue:</u>			
Regular Assessments	\$ 1,193,357	\$ (81,577)	\$ 1,111,780
Excess of Revenues Over Expenses	86,138	(81,577)	4,561

**LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021**

NOTE 7 – FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION - CONTINUED

Cash Flows:

Excess of Revenues Over Expenses	86,138	(81,577)	4,561
Increase in Contract Liabilities (Assessments Received In Advance – Replacement Reserves)	0	81,577	81,577

NOTE 8 – FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association’s governing documents require funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$714,682 at December 31, 2021, are held in separate accounts and are generally not available for operating purposes. The Board of Directors conducted an analysis to estimate the remaining useful lives and the replacement costs of the components of common property. No outside independent study was conducted to estimate the remaining useful lives or future replacement costs of common property. The Association is funding for such major repairs and replacements over the estimated useful lives of the components based on the Board of Directors’ estimates of current replacement costs, considering amounts previously accumulated in the replacement fund. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the replacement fund may not be adequate to meet future needs.

Accordingly, the funding requirement of \$112,606, based on a full funding plan, has been included in the Association’s budget for the year ending December 31, 2022. If additional funds are needed, however, the Association has the right, subject to member approval, to increase regular assessments or levy special assessments, or it may delay major repairs and replacements until funds are available. The Association’s policy is to allocate interest income to the contingency reserve component.

**LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021**

NOTE 8 – FUTURE MAJOR REPAIRS AND REPLACEMENTS - CONTINUED

The following table is the current year’s activity in the replacement fund.

Contract Liabilities	Balance at January 1, 2021	Annual Replacement Fund Contributions	Interest Income	Repairs and Replacements	Balance at December 31, 2021
Painting	\$ 7,619	\$ 3,971	\$ -	\$ -	\$ 11,590
Paving	44,203	3,260	-	-	47,463
Roof	236,891	26,668	-	-	263,559
Recreation Building	30,283	4,594	-	-	34,877
Pool Area	14,065	3,469	-	-	17,534
Perimeter Fence	7,617	568	-	(6,300)	1,885
Carport	47,478	4,767	-	-	52,245
Stairs	42,128	987	-	-	43,115
Landscaping	21,713	4,039	-	-	25,752
Plumbing	39,915	13,157	-	-	53,072
Wiring/Lights	62,155	4,704	-	-	66,859
Drainage	22,946	1,791	-	-	24,737
Elevator	7,874	4,396	-	-	12,270
Fire Alarm	29,171	1,208	-	-	30,379
Contingency	19,047	10,000	313	(15)	29,345
Total Contract Liabilities	\$ 633,105	\$ 87,579	\$ 313	\$ (6,315)	\$ 714,682

REQUIRED SUPPLEMENTARY INFORMATION

LONG BAYOU CONDOMINIUM ASSOCIATION, INC.
REQUIRED SUPPLEMENTARY INFORMATION
FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)
DECEMBER 31, 2021

The board of directors conducted an analysis to estimate the remaining useful lives and the replacement costs of the components of common property. No outside independent study of the remaining useful lives or future replacement costs was performed.

The following table is based upon the analysis of the board of directors and presents significant information about the components of common property.

<u>Components</u>	<u>Estimated Remaining Useful Lives (Years)</u>	<u>Estimated Current Replacement Costs</u>	<u>Estimated 2022 Funding Requirement</u>
Painting / Waterproofing	7	\$ 325,255	\$ 4,482
Paving	7	305,000	3,679
Roof	6-12	2,895,800	29,607
Recreation Building	18	903,075	4,823
Pool Area	3	152,813	4,509
Perimeter Fence	4	36,000	853
Carport	20	1,048,500	4,981
Stairs	15	200,000	1,046
Landscaping	1	102,500	7,675
Plumbing	8	1,224,000	14,637
Wiring/Lights	1	156,230	8,937
Drainage	4	112,500	2,194
Elevator	2	139,750	6,374
Fire Alarm	9	150,000	1,329
Contingency	1	204,045	17,480
Total		<u>\$ 7,955,468</u>	<u>\$ 112,606</u>

See Notes to the Financial Statements.