

**Palmer Ranch Master Property Owners Association, Inc.**  
**Annual Meeting of the Members**  
**MINUTES**  
**March 28, 2019**

The Annual Members Meeting of Palmer Ranch Master Owners Property Association, Inc. was held March 28, 2019 at Covenant Life Church, 8490 McIntosh Road, Sarasota, Florida 34238

Member representatives present: Darren Kaufman of Arbor Lakes; Diane Alfano and Al Zabbia of Arielle; Max Saidian of Bella Villino; Thomas Cunningham of Cobblestone; Joe Gianino of Vintage Grand; Suellen Coito of Pinestone; Linda Klein of Deer Creek; Nathan Stith of Esplanade on Palmer Ranch and Legacy Estates at Esplanade; Rick Eckert of The Hamptons; Edward (Ned) Stofko of Huntington Pointe; Ray Bailey of Mira Lago; Bob Swan of Prestancia; Teri Hjermstad of Palmer Square West; Wayne Gold of Sandhill Preserve; Charles Gonzalez of Stoneybrook Golf & Country Club; Jodi Cunnison of Turtle Rock; Roger Stephenson of VillageWalk; Bob Sherwood of Vineyards at Silver Oak; Mike Hoelzer of TPC at Prestancia; Aaron Herschberger from Evalyn Sadler Jones YMCA; Steve Jeantet of Covenant Life Church; and Steve Anderson of Palmer Ranch Executive Office Center.

Trustees present: Aaron Herschberger, Mike Hoelzer, Bob Swan, Dick Beitel, Garry Wharton, Joel Schemmel, Lee Katz, Nicholas Spina, Peggy Wells, Rob O'Connor, Steve Anderson and Steve Jeantet.

Trustees unable to attend: Claudia Brooks, Kathrin Harris, Ernie Withers and Andrea Suarez.

Resident members attending: Chris Meyer of Huntington Pointe; Pat Mills of Huntington Pointe; Carol Auricchio of Mira Lago; and Ken Brinker of Stoneybrook Golf & Country Club.

Palmer Ranch Master Association staff: Tracy Smith, Carrie Agosto and Sue Ambrecht.

**Convene/confirmation of Quorum**

President Dick Beitel brought the meeting to order at 3:06pm, following confirmation of a quorum. A total of 7,188 voting rights were present.

**Minutes of previous meeting**

Motion by Nicholas Spina, seconded by Garry Wharton, to approve the minutes of the March 29, 2018 Annual Members meeting, as distributed. Motion passed unanimously.

**Elections**

- a. Call for ballots/Close of balloting  
Final call for ballots from community/tract representatives

- b. Appoint election committee

Motion by Steve Jeantet, seconded by Nicholas Spina, to appoint Wayne Gold, Jodi Cunnison, Roger Stephenson, Pat Mills, Tracy Smith and Carrie Agosto to the election committee. Motion passed unanimously.

**President's Report**

Comments provided by Dick Beitel.

**Management/Committee Reports**

Copies of the management/committee reports were provided to the Board and Representatives

- a. Management Report was read by Dick Beitel for Tracy Smith
- b. Grounds Report was read by Sue Ambrecht
- c. Advisory Committee Report was read by Dick Beitel

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- d. Community Center Sub Committee Report was provided by Garry Wharton.
- e. Ad Hoc Committee Report was provided by Dick Beitel.
- f. Community Relations Committee report was provided by Rob O'Connor.
- g. Palmer Ranch Watershed/Natural Assets Committee was presented by Ken Brinker

**Financial Report**

Tracy Smith presented the following financial report

- a. Audited Financial Statements for the year ended December 31, 2018  
The 2018 Calendar Year audited financial statements were distributed to all Community/Tract Representatives with the reminder notice of the meeting. Motion by Garry Wharton, seconded by Nicholas Spina, to accept the 2018 calendar year audited financial statements, as distributed and be attached and made part of the minutes of this meeting. The motion was approved unanimously.
- b. Financial Statements for the period ended February 28, 2019  
A copy of these financial statements was provided to the Board and Community/Tract Representatives

**Community Update**

Tracy Smith provided information on the various projects currently under construction as well as the status of upcoming projects.

**Report of Elections Committee**

Tracy Smith, reporting on behalf of the Election Committee, announced the following members were elected as Residential Trustees for a two-year term: Carol Auricchio of Mira Lago, Chris Meyer of Huntington Pointe, Rob O'Connor of Stoneybrook Golf & Country Club, Bob Swan of Prestancia and Peggy Wells of VillageWalk.

**Nominating Committee Appointments-Residential, Commercial/Industrial and Recreational**

A motion by Steve Jeantet, seconded by Peggy Wells to appoint the following to their respective Nominating Committees: Residential: Bob Swan of Prestancia; Commercial/Industrial: Steve Anderson of Palmer Ranch Executive Office Center and Recreational: Aaron Herschberger of Evalyn Sadlier Jones YMCA. The motion passed unanimously.

**Community Representatives Discussion**

- Try to get more interest from the banks on CDs.
- A rumor that there will be residential units/condos on top of Sarasota Square Mall.
- Is there still going to be a Paw Park at Bay Street?
- Noise complaint from the Isles of Sarasota and VillageWalk from I 75.
- Arbor Lakes is also complaining about noise from I 75.
- What are the options for the land that the Community Center was to be built on?

**Adjourn**

A motion was made by Garry Wharton, seconded by Lee Katz to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 4:15pm.

Respectfully submitted,

Leatrice Katz  
Secretary

**Palmer Ranch Master Property  
Owners Association, Inc.**

**Financial Statements**

**December 31, 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Palmer Ranch Master Property Owners Association, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Palmer Ranch Master Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2018, and the related statement of revenues, expenses and changes in fund balance 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Palmer Ranch Master Property Owners Association, Inc. as of December 31, 2018, 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.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of replacement fund activity is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the Association's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Disclaimer of Opinion on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the supplementary information on future major repairs and replacements 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 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or 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.

Sarasota, Florida  
February 11, 2019

Cavanaugh & Co. LLP



**Palmer Ranch Master Property Owners Association, Inc.**

**Balance Sheet**  
December 31, 2018

**ASSETS**

	Operating Fund	Replacement Fund	Total
Current assets:			
Cash and cash equivalents	\$ 323,351	272,363	595,714
Certificates of deposit	700,000	1,203,393	1,903,393
Accounts receivable	2,874	-	2,874
Prepaid insurance	31,855	-	31,855
Prepaid rent	910	-	910
Total current assets	<u>1,058,990</u>	<u>1,475,756</u>	<u>2,534,746</u>
Other assets:			
Furniture and equipment, net	2,003	-	2,003
Deposits	<u>10,549</u>	<u>-</u>	<u>10,549</u>
Total other assets	<u>12,552</u>	<u>-</u>	<u>12,552</u>
 Total assets	 <u>\$ 1,071,542</u>	 <u>1,475,756</u>	 <u>2,547,298</u>

**LIABILITIES AND FUND BALANCE**

Current liabilities:			
Accounts payable	\$ 112,847	-	112,847
Prepaid assessments	<u>109,888</u>	<u>-</u>	<u>109,888</u>
Total current liabilities	222,735	-	222,735
 Fund balances	 <u>848,807</u>	 <u>1,475,756</u>	 <u>2,324,563</u>
 Total liabilities and fund balance	 <u>\$ 1,071,542</u>	 <u>1,475,756</u>	 <u>2,547,298</u>

See accompanying notes to financial statements.

**Palmer Ranch Master Property Owners Association, Inc.**

**Statement of Revenues, Expenses and Changes in Fund Balance**

Year Ended December 31, 2018

	Operating Fund	Replacement Fund	Total
<b>Revenues:</b>			
Member assessments	\$ 1,836,681	122,913	1,959,594
Sarasota County maintenance	220,056	-	220,056
Interest	6,892	14,118	21,010
Administrative late fees	1,450	-	1,450
Estoppel fees	37,375	-	37,375
Total revenues	<u>2,102,454</u>	<u>137,031</u>	<u>2,239,485</u>
<b>Expenses:</b>			
Salary and benefits	311,662	-	311,662
Rent/Occupancy	23,770	-	23,770
Ornamental maintenance	334,953	-	334,953
Turf maintenance	401,852	-	401,852
Irrigation maintenance	150,520	-	150,520
Fertilization/pest control	190,000	-	190,000
Lake management	157,080	-	157,080
Utilities	51,946	-	51,946
Repairs and maintenance	59,789	-	59,789
Administrative	21,473	-	21,473
Insurance	43,214	-	43,214
Professional fees	15,184	-	15,184
Enhancement project	41,106	-	41,106
Miscellaneous	71	-	71
Bad debt and waived late fees	958	-	958
Income taxes	2,801	-	2,801
Community center	150,736	-	150,736
Depreciation	1,102	-	1,102
Replacement	-	22,695	22,695
Total expenses	<u>1,958,217</u>	<u>22,695</u>	<u>1,980,912</u>
Excess of revenues over expenses	144,237	114,336	258,573
Transfer	(10,695)	10,695	-
Fund balance - beginning of year	<u>715,265</u>	<u>1,350,725</u>	<u>2,065,990</u>
Fund balance - end of year	<u>\$ 848,807</u>	<u>1,475,756</u>	<u>2,324,563</u>

See accompanying notes to financial statements.



**Palmer Ranch Master Property Owners Association, Inc.**

**Statement of Cash Flows**  
Year Ended December 31, 2018

	Operating Fund	Replacement Fund	Total
<b>Cash flows from operating activities:</b>			
Member assessments collected	\$ 1,895,932	122,913	2,018,845
Sarasota County maintenance	220,056	-	220,056
Interest received	6,892	14,118	21,010
Other income received	38,825	-	38,825
Cash paid for operating expenses	<u>(1,958,963)</u>	<u>(12,000)</u>	<u>(1,970,963)</u>
Net cash flows from operating activities	<u>202,742</u>	<u>125,031</u>	<u>327,773</u>
<b>Cash flows from investing activities:</b>			
Purchase of certificates of deposit	(700,000)	(1,203,207)	(1,903,207)
Redemption of certificates of deposit	<u>625,000</u>	<u>1,100,801</u>	<u>1,725,801</u>
Net cash flows from investing activities	<u>(75,000)</u>	<u>(102,406)</u>	<u>(177,406)</u>
Increase in cash and cash equivalents	127,742	22,625	150,367
Cash and cash equivalents at beginning of year	<u>195,609</u>	<u>249,738</u>	<u>445,347</u>
Cash and cash equivalents at end of year	<u>\$ 323,351</u>	<u>272,363</u>	<u>595,714</u>
<b>Reconciliation of excess of revenues over expenses to net cash flows from operating activities:</b>			
Excess of revenues over expenses	\$ 144,237	114,336	258,573
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Transfer	(10,695)	10,695	-
Depreciation	1,102	-	1,102
(Increase) decrease in:			
Accounts receivable	(954)	-	(954)
Prepaid insurance	1,073	-	1,073
Increase (decrease) in:			
Accounts payable	7,774	-	7,774
Prepaid assessments	<u>60,205</u>	<u>-</u>	<u>60,205</u>
Total adjustments	<u>58,505</u>	<u>10,695</u>	<u>69,200</u>
Net cash flows from operating activities	<u>\$ 202,742</u>	<u>125,031</u>	<u>327,773</u>

See accompanying notes to financial statements.

**Palmer Ranch Master Property Owners Association, Inc.**

**Notes to Financial Statements**

December 31, 2018

**Note 1 – Nature of Operations:**

Palmer Ranch Master Property Owners Association, Inc. (Association) is a not-for-profit corporation formed for the purpose of managing and maintaining areas common to the property owners within the development known as Palmer Ranch. Specifically, the Association is responsible for maintaining all landscape and hardscape within the roadways and medians, maintaining certain perimeter hedges and trees, which include mowing, irrigation, fertilization, and herbicides, as necessary. The roadways involved are specific portions of McIntosh Road, Sawyer Loop Road, Honore Avenue, Sarasota Square Boulevard, Palmer Ranch Parkway, and Extension, Central Sarasota Parkway and Northridge Road. The Association is also responsible for conservation of certain common waterways and landscape maintenance of the seven vehicular entrances to the Palmer Ranch Entity.

**Note 2 – 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, and prepares its financial statements on the accrual basis of 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 for financial resources available for the general operations of the Association. The excess, if any, of 2018 assessments over expenses are carried forward to be applied to 2019 expenses.

Replacement Fund – This fund is composed of assessments paid by members to fund future replacements, major repairs and purchases of additional commonly owned assets. Expenditures from this fund are restricted to those items for which assessments were levied.

Financial Statements

The financial statements and notes are representations of the Association's management, who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Member Assessments

Association members are subject to yearly assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments are charged to the unit owners on a per assessable unit basis. Member assessments are determined annually by the Board of Trustees based upon the maintenance and other operating requirements of the Association. Any deficit or excess of revenue over expenses would, in effect, increase or decrease assessments required in future periods.

Revenue from assessments and late fees are recognized in the period to which it applies. Assessments received in advance are recorded as prepaid assessments when received and reclassified to revenue in the period to which they pertain.



**Palmer Ranch Master Property Owners Association, Inc.**

**Notes to Financial Statements – Continued**

December 31, 2018

**Note 2 – Summary of Significant Accounting Policies – Continued:**

Cash Equivalents

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

Accounts Receivable

The Association uses the allowance method to recognize bad debts. Management establishes an allowance for doubtful accounts based on amounts expected to be uncollectible at the balance sheet date. The Association's policy is to retain legal counsel and place liens on the properties of the members whose assessments are delinquent. Management believes an allowance for doubtful accounts was not deemed necessary for the year ended December 31, 2018.

Common Property

The Association's policy is to not capitalize and depreciate the commonly owned real property as ownership is vested directly or indirectly in the member property owners and these assets are not deemed to be severable.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Association is taxed as an association and files Form 1120H. The Association is taxed on its non-membership income, such as interest income, and any excess membership income which has been deferred for more than one year, at regular federal and state corporate rates. There is an income tax expense and liability of \$2,801 as of December 31, 2018.

Management has evaluated the effect of accounting standards regarding accounting for uncertainty in income taxes. In that regard, management has evaluated all tax positions that could have a significant effect on the financial statements and determined the Association has no uncertain tax positions at December 31, 2018, that could materially affect the financial statements.

The income tax returns of the Association are subject to examination by the taxing authorities, generally for three years after they were filed.

**Note 3 – Future Major Repairs and Replacements:**

The Association's organizing documents require the Association to prepare its annual budget with estimates of costs for the repair and/or replacement of certain common property.

The Board is funding for major repairs and replacements over the remaining useful lives of the components based on estimates of current replacement costs. In 2017 the Association obtained an updated reserve study, prepared by a third party, to provide relevant information to budget for such costs. The table included in the required supplemental information on future major repairs

**Palmer Ranch Master Property Owners Association, Inc.**

**Notes to Financial Statements – Continued**

December 31, 2018

**Note 3 – Future Major Repairs and Replacements – Continued:**

and replacements is based on this study. The Association allocates interest earned on replacement funds to the individual components based on the component's relative balances. Amounts previously accumulated are considered in determining the annual funding requirement. The Association fully funds the reserves as estimated in that reserve study.

Actual expenditures may vary from the estimated replacement costs. These variances could be material. Consequently, the amounts accumulated in this fund may not be adequate to fund the major repair or replacement. If additional funds are needed, the Association may increase regular assessments, pass a special assessment or delay the repair or replacement.

**Note 4 – Geographic Exposure to Catastrophe Loss:**

The Association has possible exposure to catastrophe 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 the severity of the event. The Association generally seeks to reduce its exposure to catastrophes through individual risk selection, the purchase of catastrophe insurance and mandated reinsurance by certain insurance companies. In the event of such a catastrophe, assessments may be necessary to provide for deductibles consistent with insurance policy provisions.

**Note 5 – Sarasota County Maintenance:**

The Association has a signed agreement with Sarasota County for median and roadside maintenance services. The contract services include roadway mowing, litter removal, herbicide treatment, and sidewalk and curb edging. Compensation under this agreement amounted to \$220,056 for the year ended December 31, 2018.

**Note 6 – Savings Plan:**

The Association offers a tax-deferred savings plan (the Plan) which qualifies as a defined contribution plan under the Internal Revenue Code 401(k). Employees who are eligible may provide tax-deferred contributions to fully vested individual accounts up to 100% of before tax pay within Internal Revenue Code limits. The Plan covers substantially all employees with six months of service regardless of the number of hours of service or age. At the Plan's discretion, it may provide up to 100% of the first 4% of pay employees contribute to the plan through salary deferral. Employee matched contributions totaled \$6,369 for the year ended December 31, 2018.

**Palmer Ranch Master Property Owners Association, Inc.**

**Notes to Financial Statements – Continued**

December 31, 2018

**Note 7 – Concentrations of Economic and Credit Risk:**

The Association maintains its cash balances at financial institutions located in Sarasota, Florida. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances may exceed this limit. Management considers the risk to be minimal.

**Note 8 – Subsequent Events:**

Subsequent events have been evaluated through February 11, 2019, which is the date the financial statements were available to be issued.



**Palmer Ranch Master Property Owners Association, Inc.**

**Schedule of Replacement Fund Activity**  
**Year Ended December 31, 2018**

Components	Balance 12/31/2017	Revenues	Interest	Expenses	Transfers	Balance 12/31/2018
Entry walls	\$ 238,531	11,548	2,435	-	1,005	253,519
PVC fencing	14,745	2,971	172	-	259	18,147
Entry landscape lighting	24,748	5,142	76	(22,695)	447	7,718
Street light resurfacing	570,339	18,161	5,742	-	1,580	595,822
Traffic signal resurfacing	86,719	-	849	-	-	87,568
Community identification signs - replacements	87,211	4,788	895	-	417	93,311
Community identification signs - capital repairs	21,169	-	208	-	-	21,377
Directional signs	63,453	9,290	704	-	808	74,255
Flagpoles	17,218	2,211	188	-	192	19,809
Entry pavers	68,905	11,362	777	-	989	82,033
Benches	6,247	200	63	-	17	6,527
Silt removal - restoration area F	42,723	7,102	484	-	618	50,927
Silt removal - restoration area D	29,856	-	294	-	-	30,150
Silt removal - restoration area C	42,406	26,962	662	-	2,346	72,376
Silt removal - restoration area G	28,271	17,974	441	-	1,564	48,250
Silt removal - restoration area H	8,184	5,202	128	-	453	13,967
Total	<u>\$ 1,350,725</u>	<u>122,913</u>	<u>14,118</u>	<u>(22,695)</u>	<u>10,695</u>	<u>1,475,756</u>



**Palmer Ranch Master Property Owners Association, Inc.**

**Supplementary Information on Future Major Repairs and Replacements**

Year Ended December 31, 2018

(Unaudited)

The following table is significant information on reserves:

	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>
Entry walls	7-16	\$ 355,860
PVC fencing	9	44,505
Entry landscape lighting	8	71,000
Street light resurfacing	3-10	537,750
Traffic signal resurfacing	10	70,045
Community identification signs - replacement	7	125,350
Community identification signs - capital repairs	5	21,000
Directional signs	2	91,200
Flagpoles	8	37,100
Entry pavers	9-21	251,329
Benches	9	8,250
Silt removal - restoration area F	10	50,000
Silt removal - restoration area D	10	29,585
Silt removal - restoration area C	0	69,540
Silt removal - restoration area G	0	46,360
Silt removal - restoration area H	0	13,420