

Palmer Ranch Master Property Owners Association, Inc.
Annual Meeting of the Members
MINUTES
March 25, 2021

The Annual Members Meeting of Palmer Ranch Master Owners Property Association, Inc. was held on Thursday, March 25, 2021 via ZOOM.

Member representatives present: Daniel Corey, Arbor Lakes; Diane Alfano and Helene Horrell, Arielle; Brian Faber, Bella Villino; Johanna Lampert, Cobblestone; David Carter, Vintage Grand; Oliver Janney, Deer Creek; Don Strasburger, The Hamptons; Chris Meyer, Huntington Pointe; Belinda Bernard, Marbella; Bob Swan, Prestancia; Tom Weisman, Sandhill Preserve; Mark Newcombe, Silver Oak Estates; Robert Fleckenstein, Stoneybrook Golf & Country Club; Thomas Cunningham, VillageWalk; Joe Brand & Bob Baarson, Vineyards of Silver Oak; Andrew Kingsley, TPC Prestancia; Andrea Suarez, Palmer Park of Commerce and Palmer Park Plaza.

Trustees present: Andrea Suarez, Andrew Kingsley, Bob Swan, Carol Auricchio, Chris Meyer, Garry Wharton, Lee Katz, Nicholas Spina, Peggy Wells, Wayne Gold and William Altman.

Trustees unable to attend: Lisa Meskil, Rob O'Connor and Steve Jeantet.

Resident members attending: Charles Reith, Mira Lago; Ginny McGee, Stoneybrook Golf & Country Club; Ken Natoli, Isles of Sarasota; Max Saidian, Bella Villino.

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

Convene/confirmation of Quorum

President Bob Swan convened the meeting at 3:04p.m., following confirmation of a quorum. There was a total of 6,514 votes represented.

Minutes of previous meeting

Motion by Garry Wharton, seconded by Carol Auricchio, to approved the minutes of the March 28, 2019 Annual Members Meeting as distributed. Motion passed unanimously.

Report – Elections Committee

Tracy Smith provided the following report on behalf of the Elections Committee. Request for nominations was mailed on November 13, 2021. Two residential nominations were received and two existing board members chose to not seek another term. There will be no election. The following Board Members' will be seated for a two-year term:

Residential:

Bob Swan	Prestancia
Charles Reith	Mira Lago
Chris Meyer	Huntington Pointe
Ginny McGee	Stoneybrook Golf & Country Club
Peggy Wells	VillageWalk

Recreational:

Andrew Kingsley	TPC Prestancia
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It was noted for the record that Steve Jeantet, Commercial / Industrial Trustee, decided to not run for another term.

President's Report

Comments provided by Bob Swan.

Palmer Ranch Master Property Owners Association, Inc.
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Management/Committee Reports

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

- a. Management Report was read by Tracy Smith
- b. Community Development Report was provided by Tracy Smith
- c. Grounds Report was read by Sue Ambrecht
- d. Advisory Committee Report was read by Lee Katz
- e. Palmer Ranch Watershed/Natural Assets Committee was presented by Joe Polidoro

Financial Report

Tracy Smith presented the following financial report

- a. Audited Financial Statements for the year ended December 31, 2020
The 2020 Calendar Year audited financial statements were distributed to all Community/Tract Representatives with the reminder notice of the meeting. Motion by Chris Meyer, seconded by Lee Katz, to accept the 2020 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, 2021
A copy of these financial statements was provided to the Board and Community/Tract Representatives

Nominating Committee Appointments-Residential, Commercial/Industrial and Recreational

A motion by Bill Altman, seconded by Lee Katz to appoint the following to their respective Nominating Committees: Residential: Garry Wharton, Silver Oak Estates; Commercial/Industrial: TBD and Recreational: Andrew Kingsley, TPC Prestancia. The motion passed unanimously.

Community Representatives Discussion

- No true sense of community without a town center
- Cleaning of sidewalks along county roadways
- Noise along I-75

Adjourn

A motion was made by Wayne Gold, seconded by Bill Altman to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 4:00pm.

Respectfully submitted,

Tracy Smith
Community Manager

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

Financial Statements

December 31, 2020

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2020, 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, 2020, 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.

A handwritten signature in black ink that reads "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
March 2, 2021

Palmer Ranch Master Property Owners Association, Inc.

Balance Sheet
December 31, 2020

ASSETS

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 460,092	160,952	621,044
Certificates of deposit	950,000	1,525,000	2,475,000
Accounts receivable	5,622	-	5,622
Prepaid insurance	28,411	-	28,411
Prepaid rent	4,545	-	4,545
Furniture and equipment, net	39,671	-	39,671
Deposits	9,947	-	9,947
Total assets	<u>\$ 1,498,288</u>	<u>1,685,952</u>	<u>3,184,240</u>

LIABILITIES AND FUND BALANCE

Liabilities:			
Accounts payable	\$ 136,789	-	136,789
Prepaid assessments	146,793	-	146,793
Contract liabilities (assessments received in advance - Replacement Fund)	-	1,654,563	1,654,563
Total liabilities	283,582	1,654,563	1,938,145
Fund balance	1,214,706	31,389	1,246,095
Total liabilities and fund balance	<u>\$ 1,498,288</u>	<u>1,685,952</u>	<u>3,184,240</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, 2020

	Operating Fund	Replacement Fund	Total
Revenues:			
Member assessments	\$ 2,029,742	796	2,030,538
Sarasota County maintenance	242,561	-	242,561
Interest	1,643	21,522	23,165
Administrative late fees	1,247	-	1,247
Insurance proceeds	-	29,526	29,526
Estoppel fees	71,000	-	71,000
Total revenues	<u>2,346,193</u>	<u>51,844</u>	<u>2,398,037</u>
Expenses:			
Salary and benefits	377,137	-	377,137
Rent/Occupancy	51,046	-	51,046
Ornamental maintenance	380,860	-	380,860
Turf maintenance	415,406	-	415,406
Irrigation maintenance	151,274	-	151,274
Fertilization/pest control	196,245	-	196,245
Lake management	169,800	-	169,800
Utilities	52,004	-	52,004
Repairs and maintenance	50,387	-	50,387
Administrative	28,597	-	28,597
Insurance	32,952	-	32,952
Professional fees	9,776	-	9,776
Enhancement project	90,643	-	90,643
Miscellaneous	119	-	119
Butterfly / wildlife garden	256	-	256
Bad debt and waived late fees	825	-	825
Income taxes	2,809	-	2,809
Community center	28,000	-	28,000
Depreciation	16,832	-	16,832
Replacement	-	20,455	20,455
Total expenses	<u>2,054,968</u>	<u>20,455</u>	<u>2,075,423</u>
Excess of revenues over expenses	291,225	31,389	322,614
Fund balance - beginning of year	<u>923,481</u>	<u>-</u>	<u>923,481</u>
Fund balance - end of year	<u>\$ 1,214,706</u>	<u>31,389</u>	<u>1,246,095</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Statement of Cash Flows
Year Ended December 31, 2020

	Operating Fund	Replacement Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash flows from operating activities:			
Member assessments collected	\$ 2,067,263	73,904	2,141,167
Sarasota County maintenance	242,561	-	242,561
Interest received	1,643	21,522	23,165
Insurance proceeds	-	29,526	29,526
Other income received	72,247	-	72,247
Cash paid for operating expenses	<u>(2,063,895)</u>	<u>(20,455)</u>	<u>(2,084,350)</u>
Net cash flows from operating activities	<u>319,819</u>	<u>104,497</u>	<u>424,316</u>
Cash flows from investing activities:			
Purchase of certificates of deposit	(950,000)	(1,524,814)	(2,474,814)
Redemption of certificates of deposit	<u>735,000</u>	<u>1,449,814</u>	<u>2,184,814</u>
Net cash flows from investing activities	<u>(220,588)</u>	<u>(75,000)</u>	<u>(295,588)</u>
Increase in cash and cash equivalents	99,231	29,497	128,728
Cash and cash equivalents at beginning of year	<u>360,861</u>	<u>131,455</u>	<u>492,316</u>
Cash and cash equivalents at end of year	<u>\$ 460,092</u>	<u>160,952</u>	<u>621,044</u>
Reconciliation of excess of revenues over expenses to net cash flows from operating activities:			
Excess of revenues over expenses	\$ <u>291,225</u>	<u>31,389</u>	<u>322,614</u>
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Depreciation	16,832	-	16,832
(Increase) decrease in:			
Accounts receivable	2	-	2
Prepaid insurance	732	-	732
Deposits	(50)	-	(50)
Due between funds	(1,058)	1,058	-
Increase (decrease) in:			
Accounts payable	(26,441)	-	(26,441)
Prepaid assessments	38,577	-	38,577
Contract liability	-	72,050	72,050
Total adjustments	<u>28,594</u>	<u>73,108</u>	<u>101,702</u>
Net cash flows from operating activities	<u>\$ 319,819</u>	<u>104,497</u>	<u>424,316</u>

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements

December 31, 2020

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 2020 assessments over expenses are carried forward to be applied to 2021 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.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2020

Note 2 – Summary of Significant Accounting Policies – Continued:

Assessment revenue is recognized as the related performance obligations are satisfied at transaction amounts expected to be collected. The Association's performance obligations related to its operating assessments is satisfied over time on a daily pro-rata basis using the input method. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose. Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners.

The Association treats uncollectible assessments as variable consideration. Methods, inputs, and assumptions used to evaluate whether an estimate of variable consideration is constrained include consideration of past experience and susceptibility to factors outside the Association's control.

Contract Liabilities (Assessments received in advance-Replacement Fund)

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability (assessments received in advance-replacement fund) is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserve assessments.

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, 2020.

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.

Income Taxes

The Association may elect, on an annual basis, to be taxed as a regular corporation under Section 277 of the Internal Revenue Code or as a homeowner association in accordance with Section 528 on the Internal Revenue Code. Under Section 528, the Association is essentially taxed on its non-member income, such as interest income. However, if the election is made to be taxed as a regular corporation, the Association is subject to further rulings and regulations that may subject more income to tax. For 2020 the Association filed its tax return as a homeowner association under Section 528 which resulted in income tax expense of \$2,809.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2020

Note 2 – Summary of Significant Accounting Policies – Continued:

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, 2020, 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.

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.

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 2020 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 and replacements is based on this study. The Association allocates interest earned on replacement funds to individual components on an as needed basis. Amounts previously accumulated are considered in determining the annual funding requirement. The Association fully funds the reserves as estimated in the annual budget.

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.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2020

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 \$242,561 for the year ended December 31, 2020.

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 \$7,244 for the year ended December 31, 2020.

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 – Service Provider Concentration:

The Association has various contracts for landscaping and other groundskeeping services with one vendor. Payments to this vendor during the year ended December 31, 2020 were \$971,399 or 47% of total operating expenses. Amounts owed to this vendor at December 31, 2020 were \$89,034. Contracts for these services were included in the Association's competitive bid process.

Note 9 – Subsequent Events:

Subsequent events have been evaluated through March 2, 2021, 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, 2020

Components	Balance 12/31/2019	Additions	Insurance	Interest	Expenses	Balance 12/31/2020
Entry walls	\$ 264,978	13,086	-	-	-	278,064
PVC fencing	21,114	5,669	-	-	-	26,783
Entry landscape lighting	15,458	4,585	-	-	-	20,043
Street light resurfacing	636,707	860	-	-	-	637,567
Traffic signal resurfacing	92,925	-	-	-	-	92,925
Community identification signs - replacements	98,048	13,401	23,526	-	(13,659)	121,316
Community identification signs - capital repairs	25,558	-	-	-	-	25,558
Directional signs	83,131	11,878	-	-	-	95,009
Flagpoles	22,011	2,855	6,000	-	(6,796)	24,070
Entry pavers	93,410	11,186	-	-	-	104,596
Benches	5,593	9,326	-	-	-	14,919
Silt removal - restoration area F	55,901	-	-	-	-	55,901
Silt removal - restoration area D	33,086	-	-	-	-	33,086
Silt removal - restoration area C	72,376	-	-	-	-	72,376
Silt removal - restoration area G	48,250	-	-	-	-	48,250
Silt removal - restoration area H	13,967	-	-	-	-	13,967
Unallocated interest	-	-	-	21,522	-	21,522
Total	<u>\$ 1,582,513</u>	<u>72,846</u>	<u>29,526</u>	<u>21,522</u>	<u>(20,455)</u>	<u>1,685,952</u>

Presented on balance sheet as:

Contract liability	\$ 1,654,563
Fund balance	<u>31,389</u>
	<u>\$ 1,685,952</u>

Palmer Ranch Master Property Owners Association, Inc.

Supplementary Information on Future Major Repairs and Replacements
Year Ended December 31, 2020
(Unaudited)

The following table is significant information on reserves derived from the 2021 budget:

	<u>Estimated Remaining Life</u>	<u>Estimated Replacement Cost</u>
Entry walls	5-14	\$ 379,010
PVC fencing	4-8	49,450
Entry landscape lighting	12	75,000
Street light resurfacing	0-1	545,300
Traffic signal resurfacing	0-7	72,900
Community identification signs - replacement	0	178,500
Community identification signs - capital repairs	4	21,000
Directional signs	0	95,000
Flagpoles	6	42,000
Entry pavers	7-19	251,329
Benches	0	12,750
Silt removal - restoration area F	7	50,000
Silt removal - restoration area D	7	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