

Palmer Ranch Master Property Owners Association, Inc.
Annual Meeting of the Members
MINUTES
March 24, 2022

The Annual Members Meeting of Palmer Ranch Master Owners Property Association, Inc. was held on Thursday, March 24, 2022 via ZOOM.

Member representatives present: Diane Alfano of Arielle; Johanna Lampert of Cobblestone; Oliver Janney of Deer Creek; Robin Gage of Hammock Preserve; Chris Meyer of Huntington Pointe; Mike Holland of Isles of Sarasota; Kris Soderman of Plaza de Flores; Karen Rushing and Bob Swan of Prestancia; Randy Huffman of Palmer Square West; Susann Ambrecht of Promenade; Carl Harris of Sandhill Preserve; Dwight Morrison of Silver Oak Estates; Robert Fleckenstein of Stoneybrook Golf & Country Club; Peggy Wells and Thomas Cunningham of VillageWalk; Joe Brand of Vineyards at Silver Oak; Lisa Meskil of Core SRQ and Tami Lansdell of Palmer Park of Commerce and Palmer Park Plaza.

Trustees present: Bob Swan, Carol Auricchio, Charles Reith, Chris Meyer, Lee Katz, Nicholas Spina, Peggy Wells, Thomas Weisman, Lisa Meskil and Tami Lansdell.

Trustees unable to attend: Garry Wharton and Elizabeth Miller.

Resident members attending: Roger Stephenson of VillageWalk; Joe Polidoro and Kathrin Harris of Turtle Rock; John Power of Sandhill Preserve and Cynthia Dopjera of Stoneybrook Golf & Country Club.

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

Convene/confirmation of Quorum

President Lee Katz convened the meeting at 3:05p.m., following confirmation of a quorum. There was a total of 6,722 votes represented.

Minutes of previous meeting

There being no changes or corrections, the minutes of the March 25, 2021 Annual Members Meeting were approved as distributed.

Elections

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

- b. Appoint Election Committee
Motion by Bob Swan, seconded by Chris Meyer to appoint Oliver Janney, Roger Stephenson, Kris Soderman, Kathrin Harris, Sue Ambrecht and Tracy Smith to the Election Committee. Motion passed unanimously.

President's Report

Comments provided by Lee Katz.

Management/Committee Reports

Copies of the management/committee reports were provided to the Board and was emailed to the Representatives present at this meeting:

- a. Management Report was read by Lee Katz for Tracy Smith
- b. Community Development Update read by Lee Katz for Tracy Smith
- c. Grounds Report was read by Lee Katz for Sue Ambrecht

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- d. Advisory Committee Report was read by Lee Katz for Garry Wharton
- e. Palmer Ranch Watershed / Natural Assets Committee report was presented by Joe Polidoro.

Financial Report

- a. Audited Financial Statements for the year ended December 31, 2021
The 2021 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 Peggy Wells, to accept the 2021 calendar year audited financial statements as distributed and to 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, 2022
Tracy Smith presented the unaudited financial statement for the period ended February 28, 2022.

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, Cynthia Dopjera, Leatrice (Lee) Katz, Nicholas Spina and Garry Wharton.

Nominating Committee Appointments-Residential, Commercial/Industrial and Recreational

Motion by Chris Meyer, seconded by Charles Reith, to appoint the following individuals to their respective Nominating Committees until the next Annual Members Meeting:

- Residential – Peggy Wells
- Recreational – Lisa Meskil
- Commercial / Industrial – To be determined at a later date

The motion passed unanimously.

Community Representatives Discussion

- Enhancement plans for Honore Avenue Phase V and Bay Street Extension – in progress.
- 2,292 signatures have been gathered in an independent petition to request sound buffering along the west side of Honore Avenue, along the boundary bordering Palmer Ranch communities.
- Capital reserves for streetlight and traffic signal resurfacing pending completion of current projects. Capital reserve projects being planned for completion in 2022 are the replacement of park benches as well as silt removal.
- Prior Period Surplus funds are planned for the enhancement of the property, including landscape and irrigation of Honore Avenue Phase V and Bay Street Extension.
- Sandhill Preserve Healthy Neighborhoods Alliance is not associated with Sandhill Preserve HOA
- Mapped location of areas being reserved for silt removal was requested.

Adjourn

A motion was made by Kathrin Harris, seconded by Chris Meyer to adjourn the meeting. The motion passed unanimously. The meeting adjourned at 3:43pm.

Respectfully submitted,

Peggy Wells
Secretary

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

Financial Statements

December 31, 2021

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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.

Opinion

We have audited the accompanying financial statements of Palmer Ranch Master Property Owners Association, Inc., which comprise the balance sheet as of December 31, 2021, and the related statements of revenues, 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 Palmer Ranch Master Property Owners Association, Inc. as of December 31, 2021, 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 Palmer Ranch Master Property Owners Association, Inc. 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 Palmer Ranch Master Property Owners Association, Inc.'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 Palmer Ranch Master Property Owners Association, Inc.'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 Palmer Ranch Master Property Owners Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

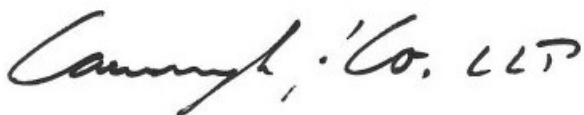
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 supplementary information on future major repairs and replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which 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
March 3, 2022

Palmer Ranch Master Property Owners Association, Inc.

Balance Sheet
December 31, 2021

ASSETS

| | <u>Operating Fund</u> | <u>Replacement Fund</u> | <u>Total</u> |
|------------------------------|---------------------------|-----------------------------|-------------------|
| Cash and cash equivalents | \$ 359,184 | 191,280 | 550,464 |
| Certificates of deposit | 1,275,000 | 1,525,000 | 2,800,000 |
| Accounts receivable | 8,315 | - | 8,315 |
| Prepaid insurance | 77,884 | - | 77,884 |
| Prepaid rent | 4,545 | - | 4,545 |
| Furniture and equipment, net | 32,740 | - | 32,740 |
| Deposits | 9,938 | - | 9,938 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 1,767,606</u> | <u>1,716,280</u> | <u>3,483,886</u> |

LIABILITIES AND FUND BALANCE

| | | | |
|--|---------------------|-------------------|-------------------|
| Liabilities: | | | |
| Accounts payable | \$ 187,552 | - | 187,552 |
| Prepaid assessments | 108,926 | - | 108,926 |
| Contract liabilities (assessments received in advance - Replacement Fund) | <u> -</u> | <u>1,691,265</u> | <u>1,691,265</u> |
| Total liabilities | 296,478 | 1,691,265 | 1,987,743 |
| | <u> </u> | <u> </u> | <u> </u> |
| Fund balance | 1,471,128 | 25,015 | 1,496,143 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balance | <u>\$ 1,767,606</u> | <u>1,716,280</u> | <u>3,483,886</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, 2021

| | Operating Fund | Replacement Fund | Total |
|--|---------------------|---------------------|------------------|
| Revenues: | | | |
| Member assessments | \$ 2,053,185 | 68,306 | 2,121,491 |
| Sarasota County maintenance | 242,561 | - | 242,561 |
| Interest | 259 | 3,493 | 3,752 |
| Estoppel fees | 83,000 | - | 83,000 |
| Total revenues | <u>2,379,005</u> | <u>71,799</u> | <u>2,450,804</u> |
| Expenses: | | | |
| Salary and benefits | 392,375 | - | 392,375 |
| Rent/Occupancy | 52,759 | - | 52,759 |
| Ornamental maintenance | 403,737 | - | 403,737 |
| Turf maintenance | 420,923 | - | 420,923 |
| Irrigation maintenance | 153,555 | - | 153,555 |
| Fertilization/pest control | 195,305 | - | 195,305 |
| Lake management | 169,800 | - | 169,800 |
| Utilities | 40,885 | - | 40,885 |
| Repairs and maintenance | 62,721 | - | 62,721 |
| Administrative | 23,136 | - | 23,136 |
| Insurance | 75,326 | - | 75,326 |
| Professional fees | 24,450 | - | 24,450 |
| Enhancement project | 92,028 | - | 92,028 |
| Miscellaneous | 187 | - | 187 |
| Butterfly / wildlife garden | 3,672 | - | 3,672 |
| Depreciation | 11,724 | - | 11,724 |
| Replacement | - | 78,173 | 78,173 |
| Total expenses | <u>2,122,583</u> | <u>78,173</u> | <u>2,200,756</u> |
| Excess (deficiency) of revenues over expenses | 256,422 | (6,374) | 250,048 |
| Fund balance - beginning of year | <u>1,214,706</u> | <u>31,389</u> | <u>1,246,095</u> |
| Fund balance - end of year | <u>\$ 1,471,128</u> | <u>25,015</u> | <u>1,496,143</u> |

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Statement of Cash Flows
Year Ended December 31, 2021

| | Operating Fund | Replacement Fund | Total |
|---|--------------------|---------------------|--------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Cash flows from operating activities: | | | |
| Member assessments collected | \$ 2,012,625 | 105,008 | 2,117,633 |
| Sarasota County maintenance | 242,561 | - | 242,561 |
| Interest received | 259 | 3,493 | 3,752 |
| Other income received | 83,000 | - | 83,000 |
| Cash paid for operating expenses | <u>(2,109,560)</u> | <u>(78,173)</u> | <u>(2,187,733)</u> |
| Net cash flows from operating activities | <u>228,885</u> | <u>30,328</u> | <u>259,213</u> |
| Cash flows from investing activities: | | | |
| Purchase of property and equipment | (4,793) | - | (4,793) |
| Purchase of certificates of deposit | (1,275,000) | (1,525,000) | (2,800,000) |
| Redemption of certificates of deposit | <u>950,000</u> | <u>1,525,000</u> | <u>2,475,000</u> |
| Net cash flows from investing activities | <u>(329,793)</u> | <u>-</u> | <u>(329,793)</u> |
| Increase (decrease) in cash and cash equivalents | (100,908) | 30,328 | (70,580) |
| Cash and cash equivalents at beginning of year | <u>460,092</u> | <u>160,952</u> | <u>621,044</u> |
| Cash and cash equivalents at end of year | <u>\$ 359,184</u> | <u>191,280</u> | <u>550,464</u> |
| Reconciliation of excess (deficiency) of revenues over expenses to net cash flows from operating activities: | | | |
| Excess (deficiency) of revenues over expenses | <u>\$ 256,422</u> | <u>(6,374)</u> | <u>250,048</u> |
| Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash flows from operating activities: | | | |
| Depreciation | 11,724 | - | 11,724 |
| (Increase) decrease in: | | | |
| Accounts receivable | (2,693) | - | (2,693) |
| Prepaid insurance | (49,473) | - | (49,473) |
| Deposits | 9 | - | 9 |
| Increase (decrease) in: | | | |
| Accounts payable | 50,763 | - | 50,763 |
| Prepaid assessments | (37,867) | - | (37,867) |
| Contract liability | <u>-</u> | <u>36,702</u> | <u>36,702</u> |
| Total adjustments | <u>(27,537)</u> | <u>36,702</u> | <u>9,165</u> |
| Net cash flows from operating activities | <u>\$ 228,885</u> | <u>30,328</u> | <u>259,213</u> |

See accompanying notes to financial statements.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements

December 31, 2021

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 2021 assessments over expenses are carried forward to be applied to 2022 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, 2021

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, 2021.

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 2021 the Association filed its tax return as a homeowner association under Section 528 which resulted in no income tax expense.

Palmer Ranch Master Property Owners Association, Inc.

Notes to Financial Statements – Continued

December 31, 2021

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, 2021, 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 2021 the Association obtained an updated reserve study, prepared by a third party, to provide relevant information to budget for such costs. 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, 2021

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, 2021.

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 \$18,309 for the year ended December 31, 2021.

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, 2021 were \$989,237 or 47% of total operating expenses. Amounts owed to this vendor at December 31, 2021 were \$80,873. Contracts for these services were included in the Association's competitive bid process.

Note 9 – Subsequent Events:

Subsequent events have been evaluated through March 3, 2022, 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, 2021

| Components | Balance 12/31/20 | Additions | Insurance | Interest | Expenses | Balance 12/31/21 |
|--|----------------------------|-----------------------|-----------------|---------------------|------------------------|-------------------------|
| Entry walls | \$ 278,064 | 12,751 | - | - | - | 290,815 |
| PVC fencing | 26,783 | 4,496 | - | - | - | 31,279 |
| Entry landscape lighting | 20,043 | 4,569 | - | - | - | 24,612 |
| Street light resurfacing | 637,567 | 738 | - | - | - | 638,305 |
| Traffic signal resurfacing | 92,925 | - | - | - | - | 92,925 |
| Community identification signs - replacements | 121,316 | 68,416 | - | - | (78,173) | 111,559 |
| Community identification signs - capital repairs | 25,558 | - | - | - | - | 25,558 |
| Directional signs | 95,009 | - | - | - | - | 95,009 |
| Flagpoles | 24,070 | 2,955 | - | - | - | 27,025 |
| Entry pavers | 104,596 | 11,083 | - | - | - | 115,679 |
| Benches | 14,919 | - | - | - | - | 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 | - | - | 3,493 | - | 25,015 |
| Total | <u>\$ 1,685,952</u> | <u>105,008</u> | <u>-</u> | <u>3,493</u> | <u>(78,173)</u> | <u>1,716,280</u> |

Presented on balance sheet as:

| | |
|--------------------|----------------------------|
| Contract liability | \$ 1,691,265 |
| Fund balance | <u>25,015</u> |
| | <u>\$ 1,716,280</u> |

Palmer Ranch Master Property Owners Association, Inc.

Supplementary Information on Future Major Repairs and Replacements
Year Ended December 31, 2021
(Unaudited)

The following table is significant information on reserves derived from the 2022 budget:

| | <u>Estimated Remaining Life</u> | <u>Estimated Replacement Cost</u> |
|--|---|---|
| Entry walls | 4-13 | \$ 379,010 |
| PVC fencing | 4-7 | 50,160 |
| Entry landscape lighting | 11 | 75,000 |
| Street light resurfacing | 0 | 555,300 |
| Traffic signal resurfacing | 0-5 | 72,900 |
| Community identification signs - replacement | 24 | 200,000 |
| Community identification signs - capital repairs | 3 | 21,000 |
| Directional signs | 13 | 145,000 |
| Flagpoles | 5 | 49,000 |
| Entry pavers | 0-18 | 263,104 |
| 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 |