

LYONS GATE AT SABAL PINES  
HOMEOWNERS' ASSOCIATION, INC.

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FINANCIAL STATEMENTS

DECEMBER 31, 2004

LYONS GATE AT SABAL PINES HOMEOWNERS' ASSOCIATION, INC.  
DECEMBER 31, 2004

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## ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Unit Owners  
Lyons Gate at Sabal Pines Homeowners' Association, Inc.  
Coconut Creek, Florida

We have reviewed the accompanying balance sheet of Lyons Gate at Sabal Pines Homeowners Association, Inc. as of December 31, 2004, and the related statements of revenues and expenses and changes in fund balances and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Lyons Gate at Sabal Pines Homeowners' Association, Inc.

A review consists principally of inquiries of association personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based upon our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Association has not presented this supplementary information.

*Zand, Fischer, Muroff, P.A.*

Zand, Fischer, Muroff, P.A.  
Plantation, Florida  
April 15, 2005

**LYONS GATE AT SABAL PINES HOMEOWNERS' ASSOCIATION, INC**  
**BALANCE SHEET**  
December 31, 2004

**ASSETS**

	Operating Fund	Reserve for Replacements Fund	Total
Cash	\$1,531	\$35,922	\$37,453
Assessments Receivable	935	-	935
Prepaid Expenses	2,008	-	2,008
Utility Deposits	660	-	660
Due from Reseve for Replacements Fund	200	-	200
<b>TOTAL ASSETS</b>	<b>\$5,334</b>	<b>\$35,922</b>	<b>\$41,256</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Assessments Received in Advance	\$4,333	\$ -	\$4,333
Due to Operating Fund	-	200	200
Accounts and Accrued Expenses Payable	614	-	614
<b>Total Liabilities</b>	4,947	200	5,147

**FUND BALANCES**

**TOTAL LIABILITIES AND  
FUND BALANCES**

	387	35,722	36,109
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$5,334</b>	<b>\$35,922</b>	<b>\$41,256</b>

Read accompanying accountant's review report and notes to the financial statements.

**LYONS GATE AT SABAL PINES HOMEOWNERS' ASSOCIATION, INC**  
**STATEMENT OF REVENUES AND EXPENSES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Operating Fund	Reserve for Replacements Fund	Total
<b>REVENUES</b>			
Maintenance Assessments	\$39,169	\$16,271	\$55,440
Interest Income	-	285	285
Late Fee Income	1,025	-	1,025
	40,194	16,556	56,750
<b>Total Revenues</b>			
<b>EXPENSES</b>			
Accounting Fees	1,450	-	1,450
Bad Debts	148	-	148
Bank Charges	-	2	2
Cypress Preserve	1,622	-	1,622
Electricity	4,557	-	4,557
Electricity - Signs	51	-	51
Insurance	3,627	-	3,627
Irrigation Repairs	3,120	-	3,120
Landscape Improvements	1,821	-	1,821
Lawn Maintenance	14,400	-	14,400
Legal Fees	1,519	-	1,519
Licenses, Taxes and Permits	96	-	96
Management Fees	4,158	-	4,158
Office, Printing and Postage Expense	1,171	-	1,171
Pest Control	1,660	-	1,660
Repairs and Maintenance	775	-	775
Reserve Expenses	-	10,035	10,035
	40,175	10,037	50,212
<b>Total Expenses</b>			
<b>Excess of Revenues over Expenses</b>	19	6,519	6,538
<b>Fund Balances - January 1, 2004</b>	368	29,203	29,571
<b>FUND BALANCES + December 31, 2004</b>	\$387	\$35,722	\$36,109

Read accompanying accountant's review report and notes to the financial statements.

LYONS GATE AT SABAL PINES HOMEOWNERS' ASSOCIATION, INC  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Operating Fund	Reserve for Replacements Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Unit Owners	\$42,099	\$16,271	\$58,370
Interest Income Received	-	285	285
	<u>42,099</u>	<u>16,556</u>	<u>58,655</u>
Cash Paid for Insurance	3,567	-	3,567
Cash Paid to Suppliers and Employees	37,346	10,037	47,383
	<u>40,913</u>	<u>10,037</u>	<u>50,950</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,186</u>	<u>6,519</u>	<u>7,705</u>
Net Increase in Cash	1,186	6,519	7,705
Balance - January 1, 2004	345	29,403	29,748
Balance - December 31, 2004	<u>\$1,531</u>	<u>\$35,922</u>	<u>\$37,453</u>

Read accompanying accountant's review report and notes to the financial statements.

LYONS GATE AT SABAL PINES HOMEOWNERS' ASSOCIATION, INC  
STATEMENT OF CASH FLOWS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2004

RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO  
NET CASH FLOWS FROM OPERATING ACTIVITIES

	Operating Fund	Reserve for Replacements Fund	Total
Excess of Revenues over Expenses	\$19	\$6,519	\$6,538
Adjustments to Reconcile Excess of Revenues over Expenses to Net Cash Provided by Operating Activities:			
(Increase) Decrease in:			
Assessments Receivable	(437)	-	(437)
Prepaid Expenses	60	-	60
Increase (Decrease) in:			
Assessments Received in Advance	2,490	-	2,490
Accounts and Accrued Expenses Payable	(946)	-	(946)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$1,186</b>	<b>\$6,519</b>	<b>\$7,705</b>

Read accompanying accountant's review report and notes to the financial statements.

LYONS GATE AT SABAL PINES HOMEOWNERS' ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

The Association was formed on March 29, 1990 as a not-for-profit corporation under the laws of the State of Florida. The Association was formed to administer the operations and management and to maintain and preserve the common property of the Lyons Gate at Sabal Pines community, which consists of 66 residential homes in Coconut Creek, Florida.

b) Fund Accounting

The Association's financial statements have been prepared in accordance with the principles of fund accounting. Under fund accounting procedures, resources from various sources are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund and, accordingly, all financial transactions have been recorded and reported by fund.

The assets, liabilities and fund balances of the Association are reported in two self-balancing funds as follows:

- (a) The Operating Fund reflects the operating assessments paid by unit owners to meet the regular, recurring costs of operation. Expenditures of this fund are limited to those connected with the day-to-day operations.
- (b) The Reserve for Replacements Fund is composed of all capital assessments paid by unit owners to fund future replacements and major repairs. Expenditures from this fund are restricted to those items for which assessments are levied.

c) Interest Earned

It is the policy of the Association to allocate to each fund interest earned on their respective cash accounts.

d) Income Taxes

The Association has elected to file its 2004 Federal and state income tax returns as a homeowners' association. The election to file as either a conventional corporation or as a homeowners' association is made annually taking into consideration the economic factors and best interests of the Association for each year.

LYONS GATE AT SABAL PINES HOMEOWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Maintenance Assessments

Monthly maintenance assessments are based on an annual budget prepared by the Association's Board of Directors. The homeowners' declaration provides that each homeowner is chargeable equally for common expenses for the improvement and maintenance of the common area as defined in the Association's by-laws. The declaration grants to the Board of Directors the power to assess the unit owners for the cost of common expenses and to levy additional assessments. Assessments collected for subsequent year assessments are reflected as assessments received in advance.

f) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RESERVE FOR REPLACEMENTS

In accordance with the Association's governing documents, the Association maintains a reserve for replacements to fund future major repairs and replacements. Accumulated funds are held in separate accounts and generally are not available for expenditures for normal operations.

The Association is funding for major repairs and replacements over the remaining useful lives of the components based upon management's estimates of current replacement costs and considering amounts previously accumulated in the reserve for replacements fund. Accordingly, a funding requirement of \$16,970 has been included in the 2005 proposed budget.

Funds are being accumulated in the reserve for replacements fund based upon estimates

LYONS GATE AT SABAL PINES HOMEOWNERS ASSOCIATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 DECEMBER 31, 2004

NOTE 2 - RESERVE FOR REPLACEMENTS (Continued)

of future needs for repairs and replacements of common property components. Actual expenditures may vary from the estimated future expenditures, and the variations may be material. Therefore, amounts accumulated in the reserve for replacements fund may not be adequate to meet all future needs for major repairs and replacements. If additional funds are needed, the Association has the right to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

A summary of the reserve for replacements accounts is as follows:

<u>Component</u>	<u>Balance</u> <u>1/1/04</u>	<u>Assessment</u> <u>Income</u>	<u>Interest</u> <u>Income</u>	<u>Transfers &amp;</u> <u>Expenditures</u>	<u>Balance</u> <u>12/31/04</u>
Painting	\$ 463	\$ 1,871	\$ 5	\$ 292	\$ 2,047
Paving	15,091	6,300	147	6,833	14,705
Perimeter Fence	12,886	4,800	126	1	17,811
Gazebo	43	300	-0-	-0-	343
Pump Replacement	720	-0-	7	611	116
Landscaping	<u>-0-</u>	<u>3,000</u>	<u>-0-</u>	<u>2,300</u>	<u>700</u>
	<u>\$29,203</u>	<u>\$ 16,271</u>	<u>\$ 285</u>	<u>\$ 10,037</u>	<u>\$35,722</u>

NOTE 3 - COMMITMENTS

On June 1, 1999, the Association entered into a one-year management contract with Phoenix Management Services, Inc. requiring monthly payments of \$297. This agreement automatically renews each year unless terminated by either party in accordance with the agreement. Pursuant to this agreement, the Association paid \$4,158 for the year ended December 31, 2004.