

**Kings Creek Village
Association, Inc.**

Financial Statements

Year Ended December 31, 2021

Kings Creek Village Association, Inc.
Financial Statements
Year Ended December 31, 2021

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BF
BRUCE FLAMM
CERTIFIED PUBLIC ACCOUNTANT
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Independent Auditor's Report

March 17, 2022

To the Board of Directors and Owners
Kings Creek Village Association, Inc.
Miami, Florida

I have audited the accompanying balance sheet of Kings Creek Village Association, Inc. (the "Association") as of December 31, 2021, and the related Statements of Revenues, Expenses and Changes in Fund Balances and Cash Flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the United States of America (US GAAP); 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted an audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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, I 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.

Independent Auditor's Report (continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kings Creek Village Association, Inc. as of December 31, 2021, and the results of their operations and their cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Miami, FL

Bruce Flan CPA

Kings Creek Village Association, Inc.
Balance Sheet
December 31, 2021

	2021		
	Operating Fund	Reserve Fund	Total
ASSETS			
Cash in banks	\$ 184,108	\$ 320,535	\$ 504,643
Assessments receivable-owners	6,309		6,309
Assessments receivable-sub-assoc.	14,692		14,692
Prepaid expenses	45,933		45,933
Property & Equipment	27,443		27,443
Accumulated depreciation	(21,511)		(21,511)
Utility Deposits	600		600
Due from Operating Fund to Reserve		200,364	200,364
TOTAL ASSETS	<u>\$ 257,574</u>	<u>\$ 520,899</u>	<u>\$ 778,473</u>
LIABILITIES AND FUND BALANCES			
Accounts payable & accrued expenses	\$ 2,919		\$ 2,919
Assessments received in advance	24,969		24,969
Due to replacement fund	200,364		200,364
TOTAL LIABILITIES	<u>228,252</u>	<u>-</u>	<u>228,252</u>
FUND BALANCES	<u>29,322</u>	<u>520,899</u>	<u>550,221</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 257,574</u>	<u>\$ 520,899</u>	<u>\$ 778,473</u>

See Accompanying Notes to Financial Statements

Kings Creek Village Association, Inc.
Statement of Revenues, Expenses and Changes in Fund Balances
Year Ended 12/31/2021

	2021		
	<u>Operating Fund</u>	<u>Reserve Fund</u>	<u>Total</u>
REVENUES			
Assessments:			
Maintenance assessments	\$ 474,453	\$ 47,785	\$ 522,238
Interest income	92	39	131
Late Charges	2,800		2,800
Community building rental	8,289		8,289
Townhouse office rent	3,700		3,700
Other	2,740		2,740
TOTAL REVENUES	<u>492,074</u>	<u>47,824</u>	<u>539,898</u>
EXPENSES (See Schedule)			
Administrative	11,659		11,659
Insurance	48,301		48,301
Utilities	22,073	-	22,073
Contract services	205,743		205,743
Personnel expenses	168,231		168,231
Maintenance & service	41,935	27,969	69,904
TOTAL EXPENSES	<u>497,942</u>	<u>27,969</u>	<u>525,911</u>
EXCESS OF REVENUES (EXPENSES) OVER EXPENSES (REVENUES)	(5,868)	19,855	13,987
Fund Balances-December 31, 2020	35,190	501,044	536,234
Fund Balances-December 31, 2021	<u>\$ 29,322</u>	<u>\$ 520,899</u>	<u>\$ 550,221</u>

See Accompanying Notes to Financial Statements

Kings Creek Village Association, Inc.
Statement of Cash Flows
Year Ended 12/31/2021

	2021		
	Operating Fund	Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues (expenses) over expenses (revenues)	\$ (5,868)	\$ 19,855	\$ 13,987
Adjustments to reconcile excess of revenues (expenses) over expenses (revenues) to net cash provided by operating activities:			
(Increase) decrease in:			
Maintenance receivable	(14,404)		(14,404)
Prepaid expenses	(8,315)		(8,315)
Due to operating from reserve			
Due to reserve from operating		(19,999)	(19,999)
Other			
Increase (decrease) in:			
Accounts payable & accrued expenses	(792)		(792)
Prepaid receivable Sub-association			
Due to replace fund	19,999		19,999
Due from operating to reserve			
Security deposits	(169)		(169)
Prepaid maintenance fees	2,004		2,004
Club House deposits & deferred advertising income			
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(7,545)	(144)	(7,689)
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of new fixed assets			
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-
CASH, INCLUDING INTEREST-BEARING DEPOSITS:			
January 1, 2021	191,653	320,679	512,332
CASH, INCLUDING INTEREST-BEARING DEPOSITS:			
December 31, 2021	\$ 184,108	\$ 320,535	\$ 504,643

See Accompanying Notes to Financial Statements

Kings Creek Village Association, Inc.
Statement of Deferred Maintenance and Replacement Fund
Year ended December 31, 2021

	Fund Balance 01/01/21	Additions	Payments	Transfers	Interest	Fund Balance 12/31/21
Pool Reserves	\$ 4,280	\$ 5,715				\$ 9,995
Pool Heater	4,078					4,078
Comm. Bldg (upstairs)	26,176	5,425				31,601
Comm. Bldg (downstairs)	18,959	3,449				22,408
Truck	27,000					27,000
Parking Area	7,423					7,423
Rec. Areas	25,211	4,790				30,001
Hurricane Deductible	51,420					51,420
Roof	24,970	5,359				30,329
Tennis Court	15,931	3,517				19,448
Street Lighting	35,000		11,850			23,150
Fountain	10,244	1,189				11,433
Painting	26,132	3,870				30,002
Contingency	205,784		12,419			193,365
Tree Trimming	10,000	10,000	3,700			16,300
Landscaping	529	4,471				5,000
Interest	7,907				39	7,946
	<u>\$ 501,044</u>	<u>\$ 47,785</u>	<u>\$ 27,969</u>		<u>\$ 39</u>	<u>\$ 520,899</u>

See Accompanying Notes to Financial Statements

Kings Creek Village Association, Inc.
Notes to Financial Statements
December 31, 2021

1. **Organization**

Kings Creek Village Association, Inc. was organized as a Florida not-for-profit corporation on November 22, 1971 for the purpose of operating and maintaining the common areas in Kings Creek Village, Miami-Dade County, Florida, for the benefit of its 1,622.5 unit members. Each owner of private property, governed by the Association, is entitled to vote and is assessed for overall community maintenance and liability costs in accordance with the Association's Articles of Incorporation, By-Laws, and Declaration of Covenants and Restrictions.

2. **Summary of Significant Accounting Policies**

Fund Accounting

The Association uses fund accounting, which requires that funds such as operating funds, funds designated for future major repairs and replacements, and funds restricted for contingencies, be classified separately for accounting and reporting purposes. Disbursements from the operating and contingency funds are generally at the discretion of the Board of Directors. Disbursements from the replacement funds (Reserve Fund) generally are to be made only for their designated purposes.

Common Property

The Association has title to certain real and personal property, including but not limited to the Community Building, common land, and equipment which were donated by the developer to the Association but not recorded as assets due to the cash basis accounting policy of the Association at the time. The commonly owned realty assets that are not presently recorded as ownership is considered to vest directly or indirectly with the ultimate owner members and these assets are not deemed to be severable.

The Association currently capitalizes material amounts of common personal property to which it acquires title as assets at cost and depreciates them over their estimated useful lives.

Use of 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, 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.

Kings Creek Village Association, Inc.
Notes to Financial Statements (continued)
December 31, 2021

3. **Income Taxes**

The Association can, on a year to year basis, elect to file its Federal Income Tax Return as a Homeowner's Association in accordance with Section 528 of the Internal Revenue Code, which generally exempts revenue from uniform assessments to owners and other income received from members solely as a function of their membership in the Association. The Association is taxed at the rate of 30% on its non-exempt net income, which includes interest income and revenue received from non-members. Alternatively the Association can file Form 1120-US Corporation Income Tax Return, whichever is the most advantageous method for the year. The return will be filed prior to its due date. No income tax is expected to be due with the return and accordingly no income tax provision was necessary.

4. **Future Major Repairs and Replacements (Reserve Funds)**

Although the Association's governing documents do not require the accumulation of funds to finance estimated future major repairs and replacements, beginning in 1997 the Board of Directors decided it was prudent to begin establishing reserves. As part of the budgetary process an informal study is conducted to determine a funding requirement by taking the estimated current replacements costs of the components over their estimated useful lives, considering amounts previously accumulated in the fund.

The Board of Directors annually reviews the major components of common property. As part of this review, the Board reevaluates the estimated remaining useful lives and estimated current replacement cost of each component. Future expenditures, however, may vary from estimated replacement amounts and the variations may be material. Therefore, amounts designated for future major repairs and replacements may not be adequate to meet all future needs. If additional funds are needed, the Association may borrow, increase maintenance assessments, or delay repairs and replacements until funds are available.

The reserve fund activity for 2021 is presented on page 5 of the financial report:

Statement of Deferred Maintenance and Replacement Fund for 2021

5. **Equipment**

Equipment consists of the following:

Truck	\$ 16,171
Computer	6,731
Furniture/Fixtures	<u>4,541</u>
	27,443
Less accumulated depreciation	<u>(21,511)</u>
	<u>\$ 5,932</u>

Kings Creek Village Association, Inc.
Notes to Financial Statements (continued)
December 31, 2021

6. Contingencies

In 2021, the Association had accounts in a commercial bank and a money market account. These balances are within the insured limits. The Association's management will monitor future cash balances for any material uninsured amounts.

7. Legal Matters

The Association is not involved in any known legal actions, litigations, claims or assessments.

8. Shopping Center

The Shopping Center was sold on January 29, 2016. The new owner of the shopping center originally applied on March 31, 2017 for a district boundary change to permit the construction of a four story Assisted Living Facility (ALF) on the property. The owner was not able to correct the deficiencies cited by the County's zoning department and the ALF construction was never completed.

The owner of the shopping center submitted a new proposed plan in June 2018 as follows:

- a) Construct fifty-four, four story luxury townhomes.
- b) Construct a shopping center and offices.
- c) Construct a four level parking garage with 335 parking spaces.

This June 2018 application was unanimously denied by the County's Community Zoning Appeals Board (CZAB), in November 2018. The owner appealed the CZAB's decision to the County Commission to reverse the CZAB's decision.

In March 2019, the County Commissioners heard the owner's appeal and voted 8 to 4 to deny the owner's application appeal.

The County Commissioners hearing took place in March 2021. The owner did not submit any plans. Instead, the owner mainly requested to terminate the 1973 Covenant and change the zoning from BU-1 to MCD stating they will limit the height to 4 stories. The Commissioners voted to approve the owner's application and Covenant release. Despite of Covid-19 limitations, the association submitted to the County 2,500 objection letters. The Commissioners' vote does not exempt the owner's obligations to KCVA under the Association's governing documents and Rules.

The Commissioners' vote favoring application Z20-017 removed a longstanding protection for KCVA against an unwarranted increase in intensity in what continues to be a quiet self-contained residential Kings Creek Village neighborhood. By eliminating this agreement, the developer / applicant will be able to ignore the compatibility protections that require development to be "substantially in accordance with the spirit and intent of the plans" for that site.

In early June 2021, the owner listed the Shopping Center property for sale, and they received and rejected one offer. The listing is still active, and the owner has not sold this property as of March 17, 2022. As per Miami-Dade County records, the owner has no pending applications for the Kings Creek Shopping Center property.

9. **Revitalized Documents**

The Association's documents have been revitalized in 2017.