

PINE RUN ASSOCIATION, INC.

INDEPENDENT AUDITORS' REPORT,  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

PINE RUN ASSOCIATION, INC.  
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DECEMBER 31, 2019

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# Peacock & French, CPAs, P.A.

## Certified Public Accountants

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Florida Institute of Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Pine Run Association, Inc.  
Venice, Florida

We have audited the accompanying financial statements of Pine Run Association, Inc., which comprise the Balance Sheet as of December 31, 2019, and the related statements of Revenues, Expenses and Changes in Fund Balances 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.

#### **Auditors' 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 auditors' 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 Pine Run Association, Inc., as of December 31, 2019, 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 Operating Fund Revenue and Expenses and the Schedule of Contract Liability (Replacement Fund) Activity on pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the basic 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 on page 14 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, 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.



Peacock & French, CPAs, P.A.  
Venice, FL  
September 16, 2020

PINE RUN ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2019

ASSETS

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 166,869	\$ 203,168	\$ 370,037
Assessment receivable	35,880	-	35,880
Assessment receivable - special	146,758	-	146,758
Accounts receivable other	10,426	-	10,426
Due from other fund	-	214,317	214,317
Prepaid expenses	120,145	-	120,145
Deposits	263	-	263
	<u>\$ 480,341</u>	<u>\$ 417,485</u>	<u>\$ 897,826</u>
TOTAL ASSETS			

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued expenses	\$ 12,625	\$ -	\$ 12,625
Due to other fund	214,317	-	214,317
Deposits	2,253	-	2,253
Prepaid assessments	14,356	-	14,356
Deferred revenue - special assessment	150,069	-	150,069
Contract liabilities	-	417,485	417,485
	<u>393,620</u>	<u>417,485</u>	<u>811,105</u>
TOTAL LIABILITIES			
FUND BALANCES	<u>86,721</u>	<u>-</u>	<u>86,721</u>
LIABILITIES AND FUND BALANCES	<u>\$ 480,341</u>	<u>\$ 417,485</u>	<u>\$ 897,826</u>

PINE RUN ASSOCIATION, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>REVENUES</b>			
Member assessments	\$ 745,705	\$ 332,219	\$ 1,077,924
Interest	691	2,315	3,006
Rentals	13,500	-	13,500
Blackburn Point Woods contribution	20,897	-	20,897
Late fees and other	13,023	-	13,023
<b>TOTAL REVENUES</b>	<b>793,816</b>	<b>334,534</b>	<b>1,128,350</b>
<b>EXPENSES</b>			
Insurance	272,493	-	272,493
Water and sewer	83,147	-	83,147
Electric	15,954	-	15,954
Pest control	15,540	-	15,540
Grounds contract	70,005	-	70,005
Tree trimming	18,763	-	18,763
Irrigation	721	-	721
Pool service and maintenance	14,824	-	14,824
Pool heat	3,823	-	3,823
Repairs and maintenance	91,856	-	91,856
Payroll	112,278	-	112,278
Legal and professional	31,871	-	31,871
Management	31,752	-	31,752
Postage, printing and supplies	5,898	-	5,898
Licenses and fees	1,442	-	1,442
Contract liabilities	2,036	-	2,036
Telephone	3,224	-	3,224
Fire safety	3,764	-	3,764
Replacement Fund	-	363,271	363,271
<b>TOTAL EXPENSES</b>	<b>779,391</b>	<b>363,271</b>	<b>1,142,662</b>
<b>EXCESS OF REVENUE (EXPENSES)</b>	<b>14,425</b>	<b>(28,737)</b>	<b>(14,312)</b>
<b>BEGINNING FUND BALANCES</b>	<b>101,033</b>	<b>-</b>	<b>101,033</b>
<b>TRANSFERS</b>	<b>(28,737)</b>	<b>28,737</b>	<b>-</b>
<b>ENDING FUND BALANCES</b>	<b>\$ 86,721</b>	<b>\$ -</b>	<b>\$ 86,721</b>

See accompanying notes to financial statements and independent auditors' report

PINE RUN ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
DECEMBER 31, 2019

	OPERATING FUND	REPLACEMENT FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Member assessments received	\$ 708,565	\$ 196,995	\$ 905,560
Interest received	691	2,315	3,006
Rentals received	13,500	-	13,500
Other receipts	33,920	-	33,920
Income taxes paid	6,130	-	6,130
Cash paid to suppliers and contractors	(774,679)	(363,271)	(1,137,950)
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(11,873)</b>	<b>(163,961)</b>	<b>(175,834)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Change in certificates of deposit	-	213,960	213,960
<b>CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>213,960</b>	<b>213,960</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Transfer	(28,737)	28,737	-
Change in due (to) from other fund	(93,815)	93,815	-
<b>CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(122,552)</b>	<b>122,552</b>	<b>-</b>
 <b>NET INCREASE (DECREASE) IN CASH</b>	 <b>(134,425)</b>	 <b>172,551</b>	 <b>38,126</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>301,294</b>	<b>30,617</b>	<b>331,911</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 166,869</b>	<b>\$ 203,168</b>	<b>\$ 370,037</b>
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess (deficit) of revenues over expenses	\$ 14,425	\$ (28,737)	\$ (14,312)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided (used) by operating activities:			
(Increase) decrease in operating assets:			
Assessments receivable	(25,094)	-	(25,094)
Assessments receivable - special	(146,758)	-	(146,758)
Accounts receivable other	(10,426)	-	(10,426)
Prepaid expenses	22,066	-	22,066
Increase (decrease) in operating liabilities:			
Accounts payable/accrued expenses	(8,460)	-	(8,460)
Deferred special assessments	150,069	-	150,069
Income tax payable	(2,764)	-	(2,764)
Prepaid assessments	(4,931)	-	(4,931)
Contract liability - replacement fund	-	(135,224)	(135,224)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (11,873)</b>	<b>\$ (163,961)</b>	<b>\$ (175,834)</b>

See accompanying notes to the financial statements and independent auditors' report.

PINE RUN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

NOTE A - NATURE OF ORGANIZATION:

Pine Run Association, Inc. (the Association) is a not-for-profit corporation organized pursuant to Section 718 of the Florida Condominium Act for the administration, maintenance, operation and management of 147 resident units of Pine Run Association located in Sarasota County, Florida. The Association consists of three sections with section I consisting of 66 units, section II 38 units, and section III 43 units. Assessments against the owners of the condominium units, which are the principal source of the revenue, are based on the total estimated amounts required to protect and maintain the property owned by the unit owners in common.

All policy decisions are formulated by the Board of Directors. Certain major decisions are referred to the general membership before action is taken.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statements:

The financial statements and notes are the 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.

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 Board of Directors and the Association maintains its accounts using fund 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 to account for financial resources available for the general operations of the Association. The operating fund reflects the operating assessments paid by unit owners to meet the regular costs of operation. Expenditures of this fund are those connected with the day-to-day operations and non-recurring unanticipated expenditures.

Replacement Fund - This fund is used to accumulate financial resources designated for future major repairs and replacements. The replacement fund is composed of all capital assessments paid by unit owners to fund future replacements, major repairs and purchases of additional commonly owned assets. Disbursements from the replacement fund are generally limited to those designated purposes.

Interest Earned on Reserves:

The Association's policy is to include in the replacement fund any interest earned on the replacement fund investments.

Allocation of Income and Expenses:

The allocation of income and expenses to Association members is based on the condominium documents, which state that the Association members share the income and expenses based on the square footage of the unit. Expenses for common elements are shared by section based on the number of units within each section. Section I contributes 45%, section II 26% and section III 29%.



PINE RUN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

Cash and Cash Equivalents:

For purposes of the balance sheet and the statement of cash flows, the Association considers demand deposits with banks, money market funds and all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Member Assessments:

Association members are subject to monthly assessments to provide funds for the Association's operating expenses, future capital acquisitions and major repairs and replacements. The Board of Directors determines the amount of assessments (maintenance fees). Assessments against the members of the Association, which are the principal source of revenue, are based upon estimated amounts to maintain the common property. 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.

Revenue from member assessments are recognized in the period to which they apply, and payments in advance are deferred to the appropriate future period. These advanced payments are recorded as prepaid member assessments as of the balance sheet date.

The Association bills its members in advance, monthly, based upon approved budget. The monthly assessments for 2019 ranged from \$343 to \$633, of which \$65 to \$137 was designated for the replacement fund.

Excess operating assessments at year end are retained by the Association for use in the succeeding year.

Assessments Receivable:

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from all unit owners. An allowance for doubtful accounts is established based on specific assessment of all amounts that remain unpaid following normal payment periods. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period the determination is made. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are considered to be delinquent. As of December 31, 2019, the allowance for doubtful accounts was \$0.

Property and Equipment:

The Association has the responsibility to preserve and maintain the commonly owned assets. Real property and common areas acquired from the developer and related improvements to such property are not recorded in the Association's financial statements. These properties are owned by the individual unit owners in common and not by the Association.

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. The balances of contract liabilities (assessments received in advance-replacement fund) as of December 31, 2018 and December 31, 2019 were \$0 and \$417,485, respectively.

PINE RUN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued:

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Compensated Absences:

Compensated absences for vacation, sick pay and personal time have not been accrued since they cannot be reasonably estimated. The association's policy is to recognize these costs in the period that they are paid. Management believes that this policy does not materially affect the accompanying financial statements.

NOTE C – FUTURE MAJOR REPAIRS AND REPLACEMENTS:

Florida Statutes and the Association's governing documents require that funds be accumulated for future major repairs and replacements. Accumulated funds, which aggregate \$417,485, are presented on the accompanying balance sheet as a contract liability (assessments received in advance – replacement fund) at December 31, 2019. These funds are held in separate bank accounts and generally are not available for operating purposes.

An independent reserve study has not been conducted. The Board of Directors updates the replacement fund study on an annual basis to estimate the remaining useful lives and the replacement costs of the common property components. The estimates used are derived from actual recent expenditures, bids from licensed contractors and estimates of the Board of Directors. The Board of Directors are calculating funding for major repairs and replacements over the remaining useful lives of the replacement funds components based on the study's estimates of current replacement costs and considers amounts previously accumulated. The table included in the unaudited required supplementary information on future major repairs and replacements on page 14 is based on this study prepared by the Board of Directors and management on the straight-line method. During 2011, the owners voted to change the funding of the replacement fund from the straight-line method to the pooling method. Since 2011, the Association continued to use the straight-line method for determining the annual funding requirement. The difference between the funding requirement between the straight-line method and the pooling method was not determined. The 2020 funding requirement based on the straight-line method is \$234,320 and that amount has been included in the 2020 budget.

Funds are being accumulated in the replacement fund based on estimates 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 replacement 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.

PINE RUN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

NOTE D – CONTINGENCIES:

The Association's current windstorm policy contains a 5% deductible clause. Based upon the insured value of the buildings and contents of approximately \$19.1 million, the first 5% or approximately \$957,000 in damages caused by a named windstorm as further defined in the insurance policy would be the responsibility of the Association.

At times, the Association is in disputes or litigation with owners, suppliers, and others in the normal course of operations. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Association's financial positions, liquidity, or results of operations.

NOTE E – INCOME TAXES:

The Association has the option for income tax purposes to elect on an annual basis to be taxed as a regular corporation under Section 277 of the Internal Revenue Code, whereby net non-membership income is taxed at regular corporate rates, or to be taxed at a special corporate rate of 30% on its net nonexempt function income, less a \$100 exclusion, in accordance with Section 528 of the Internal Revenue Code. For 2019, the Association elected to file under Section 277.

As of the date of the financial statements, the Association's federal income tax returns for 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service. These returns are open to examination generally for three years after they were filed.

FASB ASC 740, *Income Taxes*, sets forth standards for financial presentation and disclosure of income tax liabilities and expenses and clarifies the accounting for uncertainty in income taxes recognized. In accordance with FASB ASC 740, *Income Taxes*, the Association has evaluated its tax positions and determined that the Association has no uncertain income tax positions that could have a material effect on the financial statements.

NOTE F - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATION:

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 972-605, *Real Estate-Common Interest Realty Associations, Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which a CIRA expects to be entitled in exchange for those goods or services.

The Association adopted the new guidance as of January 1, 2019, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning fund balance. The Association applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in changes to our accounting policies for assessment revenue and contract liabilities (assessments received in advance-replacement fund), as previously described.

PINE RUN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

NOTE F - FASB ASC 606 NEW ACCOUNTING GUIDANCE IMPLEMENTATIO – continued:

The adoption of the new revenue recognition guidance resulted in the following change to fund balance as of January 1, 2019:

Fund balance, as previously reported, at January 1, 2019	\$ 653,742
Adjustment	( 552,709)
Fund balance, as adjusted, at January 1, 2019	<u>\$ 101,033</u>

The effect of the adoption is an increase in 2019 assessments recognized as revenue by \$135,224 and a contract liability balance at December 31, 2019 of \$417,485. The Association has no customer contract modifications that had an effect on the Association's transition to the new guidance.

The modified retrospective method of transition requires us to disclose the effect of applying the new guidance on each item included in our 2019 financial statements. Following are the line items from our balance sheet as of December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Liabilities</u>			
Contract liabilities (Assessments received in advance – replacement reserve)	\$ -	\$ 417,485	\$ 417,485
Total liabilities	393,620	417,485	811,105
<u>Fund Balance</u>			
Ending fund balances	504,206	(417,485)	86,721

The following are the line items from the statement of revenues, expenses, and changes in fund balances and the statement of cash flows for the year ended December 31, 2019, that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance:

	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying New Guidance</u>	<u>As Reported</u>
<u>Revenue</u>			
Member assessments	\$ 942,700	\$ 135,224	\$ 1,077,924
Excess of revenues over expenses	(149,536)	135,224	(14,312)
<u>Cash Flows</u>			
Excess of revenues over expenses	(149,536)	135,224	(14,312)
Decrease in contract liabilities	-	(135,224)	(135,224)

PINE RUN ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

NOTE G – CONCENTRATIONS:

The Association's financial instruments that are exposed to concentrations of credit risk consist primarily of cash deposits. The Association places its cash and cash equivalents with local financial institutions. Although the Association manages its credit risk through diversification, at times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. On December 31, 2019, there was \$83,513 in excess of FDIC limits.

All revenues are generated from unit owners of a single residential community located in a small geographic area. A loss of revenue could disrupt operations and have a severe impact on the Association.

NOTE H - SPECIAL ASSESSMENT:

On December 20, 2019, the Board of Directors approved a special assessment for Sections I & III of approximately \$150,000; consisting of \$98,000 for Section I and \$52,000 for Section III. The special assessment is due and payable in six monthly installments starting February 1, 2020 with final payment being July 1, 2020. Monthly payments per unit range from \$161 to \$301. This special assessment contributes to the cost of roof replacement and building restoration work and paint for the Pine Run multi-year roof and restoration project. As of the end of 2019, 9 of 17 buildings have been completed and full completion is anticipated by the end of 2022.

At December 31, 2019, the amounts on the Association's balance sheet related to this special assessment were \$146,758 Assessments receivable – special and \$150,069 Deferred revenue – special assessment.

NOTE I - SUBSEQUENT EVENTS / DATE OF MANAGEMENT'S REVIEW:

The Association has evaluated events and transactions for potential recognition and disclosure subsequent from December 31, 2019 through September 16, 2020; the date the financial statements were available to be issued. No items requiring disclosure were noted.

**SUPPLEMENTARY INFORMATION**

PINE RUN ASSOCIATION, INC.  
 SUPPLEMENTARY SCHEDULE - OPERATING FUND REVENUES AND EXPENSES BY SECTION  
 YEAR ENDED DECEMBER 31, 2019

	SECTION I	SECTION II	SECTION III	COMMONS	RECREATION	SMALL POOL	TOTAL
<b>REVENUES</b>							
Member assessments	\$ 333,801	\$ 185,612	\$ 226,292	\$ -	\$ -	\$ -	\$ 745,705
Allocations	(167,808)	(96,617)	(109,330)	280,022	75,431	18,302	-
Interest	-	-	-	691	-	-	691
Rentals	6,061	3,490	3,949	-	-	-	13,500
Blackburn Point Wood	-	-	-	-	20,897	-	20,897
Late fees and other	1,100	3,650	1,000	7,173	100	-	13,023
Total	<u>173,154</u>	<u>96,135</u>	<u>121,911</u>	<u>287,886</u>	<u>96,428</u>	<u>18,302</u>	<u>793,816</u>
<b>EXPENSES:</b>							
Insurance	114,230	65,078	78,732	-	11,621	2,832	272,493
Water & sewer	39,072	18,116	22,854	-	2,022	1,083	83,147
Electric	2,248	2,749	1,106	(628)	8,617	1,862	15,954
Pest control	-	-	-	15,540	-	-	15,540
Grounds	-	-	-	56,804	13,201	-	70,005
Tree trimming	-	-	-	18,763	-	-	18,763
Irrigation	-	-	-	216	505	-	721
Pool service and maintenance	-	-	-	-	11,277	-	14,824
Pool heat	-	-	-	-	-	3,547	3,823
Repairs and maintenance	13,735	3,689	12,967	-	8,714	-	91,856
Payroll	-	-	-	52,751	15,691	-	112,278
Legal and professional	-	-	-	96,587	-	-	31,871
Management	-	-	-	31,871	-	-	31,752
Postage, printing and supplies	-	-	-	27,307	4,445	-	5,898
Licenses and fees	-	-	-	5,898	-	-	1,442
Income tax	-	-	-	588	400	454	2,036
Telephone	-	-	-	2,036	-	-	3,224
Fire safety	-	-	-	3,224	-	-	3,764
Total	<u>169,285</u>	<u>89,632</u>	<u>115,659</u>	<u>314,721</u>	<u>76,493</u>	<u>13,601</u>	<u>779,391</u>
<b>EXCESS OF REVENUE (EXPENSES)</b>	<u>3,869</u>	<u>6,503</u>	<u>6,252</u>	<u>(26,835)</u>	<u>19,935</u>	<u>4,701</u>	<u>14,425</u>
<b>BEGINNING FUND BALANCES</b>	(5,558)	47,993	58,598	-	-	-	101,033
<b>TRANSFERS</b>	-	-	-	-	(27,310)	(1,427)	(28,737)
<b>ENDING FUND BALANCES</b>	<u>\$ (1,689)</u>	<u>\$ 54,496</u>	<u>\$ 64,850</u>	<u>\$ (26,835)</u>	<u>\$ (7,375)</u>	<u>\$ 3,274</u>	<u>\$ 86,721</u>

See accompanying independent auditors' report.

PINE RUN ASSOCIATION, INC.  
SUPPLEMENTARY SCHEDULE - CONTRACT LIABILITY (REPLACEMENT FUND)  
ACTIVITY BY SECTION  
YEAR ENDED DECEMBER 31, 2019

COMPONENTS	BALANCE AT 12/31/18	MEMBER ASSESSMENTS / INTEREST	EXPENSES	TRANSFERS	BALANCE AT 12/31/19
<b>SECTION I</b>					
Roofs	\$ 191,401	\$ 43,085	\$ (62,478)	\$ -	\$ 172,008
Painting	23,112	12,925	(6,703)	-	29,334
Building restoration	(33,109)	11,452	(77,480)	-	(99,137)
Roads	5,043	4,095	-	-	9,138
Irrigation	12,914	7,089	-	-	20,003
Other reserves	182	-	-	-	182
Unallocated interest	-	-	-	-	-
Total Section I	<u>199,543</u>	<u>78,646</u>	<u>(146,661)</u>	<u>-</u>	<u>131,528</u>
<b>SECTION II</b>					
Roofs	161,885	28,011	(50,045)	-	139,851
Painting	26,549	12,996	-	-	39,545
Building restoration	(32,472)	8,171	(58,256)	-	(82,557)
Roads	5,684	1,885	-	-	7,569
Irrigation	6,823	3,822	-	-	10,645
Other reserves	6,212	-	-	-	6,212
Unallocated interest	-	-	-	-	-
Total Section II	<u>174,681</u>	<u>54,886</u>	<u>(108,301)</u>	<u>-</u>	<u>121,266</u>
<b>SECTION III</b>					
Roofs	112,414	32,562	(29,550)	-	115,426
Painting	21,386	10,849	(11,912)	-	20,323
Building restoration	(50,645)	11,051	(40,331)	-	(79,925)
Roads	6,466	2,066	-	-	8,532
Irrigation	6,967	3,936	-	-	10,903
Other reserves	764	3,000	-	-	3,764
Unallocated interest	-	-	-	-	-
Total Section III	<u>97,352</u>	<u>63,464</u>	<u>(81,793)</u>	<u>-</u>	<u>79,023</u>
<b>SMALL POOL</b>					
Pool Deck & Other	10,014	-	-	1,427	11,441
Total Small Pool	<u>10,014</u>	<u>-</u>	<u>-</u>	<u>1,427</u>	<u>11,441</u>
<b>RECREATION</b>					
Roofs	11,944	-	-	-	11,944
Painting	2,415	-	-	-	2,415
Building restoration	13,748	-	(6,459)	10,496	17,785
Roads	3,049	-	-	494	3,543
Irrigation	15,748	-	-	2,135	17,883
Pool equipment	16,791	-	(15,007)	8,361	10,145
Pool deck & other	(15,422)	-	(5,050)	3,919	(16,553)
Tennis courts	22,846	-	-	1,905	24,751
Unallocated interest	-	-	-	-	-
Total Recreation	<u>71,119</u>	<u>-</u>	<u>(26,516)</u>	<u>27,310</u>	<u>71,913</u>
Unallocated interest	-	2,315	-	-	2,315
<b>Total Replacement Fund</b>	<u>\$ 552,709</u>	<u>\$ 199,310</u>	<u>\$ (363,271)</u>	<u>\$ 28,737</u>	<u>\$ 417,485</u>

See accompanying independent auditors' report.



REQUIRED SUPPLEMENTARY INFORMATION

PINE RUN ASSOCIATION, INC.  
 REQUIRED SUPPLEMENTARY INFORMATION ON  
 FUTURE MAJOR REPAIRS AND REPLACEMENTS (UNAUDITED)  
 YEAR ENDED DECEMBER 31, 2019

The calculations below have been made from figures gathered over a wide variety of sources and included a number of assumptions that were deemed by the board to be adequate to meet the requirements of the State of Florida. A formal replacement fund study has not been prepared. Useful lives and replacement cost figures are always subject to wide difference of opinion. However, those chosen herein are believed to be a representative average as necessary to derive reserves allowances, which can and should be adjusted each year to reflect changing costs and economic circumstances.

Component	Estimated Life		Estimated Replacement Cost	Estimated Balance 12/31/2019	Remaining Reserve Required	2020 Funding Requirement (and Budget)
	Expectancy	Remaining				
<b>SECTION I</b>						
Roofs	18	5	\$ 400,000	\$ 149,902	\$ 250,098	\$ 50,020
Painting	8	2	70,000	39,127	30,873	15,437
Roads	20	13	60,000	(2,600)	62,600	4,815
Building Restoration	30	21	200,000	(96,599)	296,599	14,124
Irrigation	20	0	20,000	20,000	-	-
Total Section I			<u>750,000</u>	<u>109,830</u>	<u>640,170</u>	<u>84,395</u>
<b>SECTION II</b>						
Roofs	18	5	250,000	115,343	134,657	26,931
Painting	8	2	45,000	17,623	27,377	13,689
Roads	20	13	30,000	6,840	23,160	1,782
Building Restoration	30	22	150,000	(52,457)	202,457	9,203
Irrigation	20	1	10,000	9,624	376	376
Total Section II			<u>485,000</u>	<u>96,973</u>	<u>388,027</u>	<u>51,980</u>
<b>SECTION III</b>						
Roofs	18	4	200,000	69,754	141,172	35,293
Painting	8	3	55,000	16,882	38,118	12,706
Roads	20	13	35,000	9,842	25,158	1,935
Building Restoration	30	20	160,000	(90,850)	250,850	12,543
Transfer to section II	4	1	12,000	9,000	3,000	3,000
Irrigation	20	1	10,000	9,474	526	526
Total Section III			<u>472,000</u>	<u>24,102</u>	<u>458,824</u>	<u>66,003</u>
<b>RECREATION</b>						
Pool and pool deck	10	6	25,000	(16,547)	41,547	6,925
Building restoration	25	7	100,000	22,153	77,847	11,121
Pool equipment	20	1	20,000	11,942	8,058	8,058
Recreation roof	15	0	11,255	11,945	-	-
Roads	20	13	6,000	981	5,019	386
Tennis	10	8	40,000	24,752	15,248	1,906
Irrigation	20	1	20,000	17,880	2,120	2,120
Total Recreation			<u>222,255</u>	<u>73,106</u>	<u>149,839</u>	<u>30,516</u>
<b>SMALL POOL</b>						
Pool, pool deck	10	6	20,000	11,441	8,559	1,427
Total Small Pool			<u>20,000</u>	<u>11,441</u>	<u>8,559</u>	<u>1,427</u>
<b>TOTAL</b>			<u>\$ 1,949,255</u>	<u>\$ 315,452</u>	<u>\$ 1,645,419</u>	<u>\$ 234,320</u>

See accompanying independent auditors' report.