

PINE RUN ASSOCIATION, INC.

INDEPENDENT AUDITORS' REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

PINE RUN ASSOCIATION, INC.
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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, 2020, 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.

Pine Run Association, Inc.
June 10, 2021

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, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Operating Fund Revenue and Expenses by Section and the Schedule of Prepaid Assessments - Replacement Fund Activity by Section on pages 11 and 12 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 13 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
June 10, 2021

PINE RUN ASSOCIATION, INC.
BALANCE SHEET
DECEMBER 31, 2020

ASSETS

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$ 234,483	\$ 110,741	\$ 345,224
Assessment receivable	32,783	-	32,783
Accounts receivable other	5,500	-	5,500
Due from other fund	-	305,239	305,239
Prepaid expenses	137,863	-	137,863
Deposits	263	-	263
TOTAL ASSETS	<u>\$ 410,892</u>	<u>\$ 415,980</u>	<u>\$ 826,872</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued expenses	\$ 30,793	\$ -	\$ 30,793
Due to other fund	305,239	-	305,239
Deposits	2,253	-	2,253
Prepaid assessments	14,142	-	14,142
Deferred revenue - special assessment	940	-	940
Prepaid assessments - replacment fund	-	415,980	415,980
TOTAL LIABILITIES	<u>353,367</u>	<u>415,980</u>	<u>769,347</u>
FUND BALANCES	<u>57,525</u>	<u>-</u>	<u>57,525</u>
LIABILITIES AND FUND BALANCES	<u>\$ 410,892</u>	<u>\$ 415,980</u>	<u>\$ 826,872</u>

See accompanying notes to financial statements and independent auditors' report

PINE RUN ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2020

	OPERATING FUND	OPERATING FUND - SPECIAL ASSESSMENTS	REPLACEMENT FUND	TOTAL
REVENUES				
Member assessments	\$ 774,472	\$ -	\$ 203,884	\$ 978,356
Special assessments	-	172,129	-	172,129
Interest	745	-	-	745
Rentals	13,500	-	-	13,500
Blackburn Point Woods contribution	22,000	-	-	22,000
Late fees and other	5,490	-	-	5,490
TOTAL REVENUES	816,207	172,129	203,884	1,192,220
EXPENSES				
Insurance	286,259	-	-	286,259
Water and sewer	83,048	-	-	83,048
Electric	13,176	-	-	13,176
Pest control	25,870	-	-	25,870
Grounds contract	96,418	-	-	96,418
Tree trimming	14,288	-	-	14,288
Irrigation	1,046	-	-	1,046
Pool service and maintenance	16,722	-	-	16,722
Pool heat	2,741	-	-	2,741
Repairs and maintenance	83,257	-	-	83,257
Payroll	116,673	-	-	116,673
Legal and professional	28,103	-	-	28,103
Management	31,752	-	-	31,752
Postage, printing and supplies	4,613	-	-	4,613
Licenses and fees	1,449	-	-	1,449
Telephone	4,543	-	-	4,543
Fire safety	3,500	-	-	3,500
Special assessments	-	172,129	-	172,129
Replacement Fund	-	-	235,829	235,829
TOTAL EXPENSES	813,458	172,129	235,829	1,221,416
EXCESS OF REVENUE (EXPENSES)	2,749	-	(31,945)	(29,196)
BEGINNING FUND BALANCES	86,721	-	-	86,721
TRANSFERS	(31,945)	-	31,945	-
ENDING FUND BALANCES	\$ 57,525	\$ -	\$ -	\$ 57,525

See accompanying notes to financial statements and independent auditors' report

PINE RUN ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
DECEMBER 31, 2020

	OPERATING FUND	REPLACEMENT FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Member assessments received	\$ 779,910	\$ 202,379	\$ 982,289
Interest received	745	-	745
Rentals received	13,500	-	13,500
Other receipts	27,490	-	27,490
Cash paid to suppliers and contractors	(813,008)	(235,829)	(1,048,837)
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	8,637	(33,450)	(24,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer	(31,945)	31,945	-
Change in due (to) from other fund	90,922	(90,922)	-
CASH PROVIDED (USED) BY FINANCING ACTIVITIES	58,977	(58,977)	-
 NET INCREASE (DECREASE) IN CASH	 67,614	 (92,427)	 (24,813)
CASH AT BEGINNING OF YEAR	166,869	203,168	370,037
CASH AT END OF YEAR	\$ 234,483	\$ 110,741	\$ 345,224
 CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficit) of revenues over expenses	\$ 2,749	\$ (31,945)	\$ (29,196)
Adjustments to reconcile excess (deficit) of revenues over expenses to net cash provided (used) by operating activities:			
(Increase) decrease in operating assets:			
Assessments receivable	3,097	-	3,097
Assessments receivable - special	146,758	-	146,758
Accounts receivable other	4,926	-	4,926
Prepaid expenses	(17,718)	-	(17,718)
Increase (decrease) in operating liabilities:			
Accounts payable/accrued expenses	18,168	-	18,168
Deferred special assessments	(149,129)	-	(149,129)
Prepaid assessments	(214)	-	(214)
Contract liability - replacement fund	-	(1,505)	(1,505)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 8,637	\$ (33,450)	\$ (24,813)

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

PINE RUN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 44%, section II 26% and section III 30%.

PINE RUN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 2020 ranged from \$357 to \$657, of which \$70 to \$129 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, 2020, 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.

Prepaid Assessments - Replacement Fund:

The Association recognizes revenue from members as the related performance obligations are satisfied. Prepaid assessments-replacement fund (a contract liability) 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 prepaid assessments-replacement fund as of December 31, 2019, and December 31, 2020, were \$417,485, and \$415,980, respectively.

PINE RUN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

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 associations 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 \$415,980, are presented on the accompanying balance sheet as a contract liability (assessments received in advance – replacement fund) at December 31, 2020. 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 13 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 2021 funding requirement based on the straight-line method is \$245,207 and that amount has been included in the 2021 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, 2020

NOTE D – CONTINGENCIES:

The Association's current windstorm policy contains a 3% deductible clause. Based upon the insured value of the buildings and contents of approximately \$19.2 million, the first 3% or approximately \$576,000 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.

As of the date of the financial statements, the Association's federal income tax returns for 2018, 2019 and 2020 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 – 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, 2020, no amounts were 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.

PINE RUN ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE G - SPECIAL ASSESSMENTS:

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 was due and payable in six monthly installments beginning February 1, 2020, with final payment on 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. At December 31, 2020, the full amount or \$150,069 of this special assessment was recognized as income and spent on the specified projects.

On September 24, 2020, the Board approved a special assessment for section 1 of \$23,000 to repair drainage pipes. The assessment was due in three equal monthly payments October – December 2020. At December 31, 2020, \$940 remains unspent and in deferred revenue.

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

The Association has evaluated events and transactions for potential recognition and disclosure subsequent from December 31, 2020, through June 10, 2021; the date the financial statements were available to be issued.

On January 27, 2021, the Board approved a special assessment of \$46,300 to replace the clubhouse deck. The payment for this special assessment is due April 2021.

On April 22, 2021, the Board approved the following:

- a) Obtaining a \$500,000 line of credit.
- b) A special assessment of \$29,500 for Section 3, for roof replacement on Building #8. This special assessment is due in three equal installments May, June, and July 2021.

Also, on April 22, 2021, the Board also discussed two additional special assessments.

- 1) \$100,000 Special Assessment for Section 1, for building restoration and roof replacement on Build E.
- 2) \$50,000 Special Assessment for Section 2, for partial cost of the roof replacement on Building #4.

SUPPLEMENTARY INFORMATION

PINE RUN ASSOCIATION, INC.
 SUPPLEMENTARY SCHEDULE - OPERATING FUND REVENUES AND EXPENSES BY SECTION
 YEAR ENDED DECEMBER 31, 2020

	SECTION I	SECTION II	SECTION III	COMMONS	RECREATION	SMALL POOL	TOTAL
REVENUES							
Member assessments	\$ 344,417	\$ 200,141	\$ 229,914	\$ -	\$ -	\$ -	\$ 774,472
Allocations	(187,636)	(108,032)	(122,247)	314,967	84,645	18,303	-
Interest	-	-	-	745	-	-	745
Rentals	6,061	3,490	3,949	-	-	-	13,500
Blackburn Point Wood	-	-	-	-	22,000	-	22,000
Late fees and other	400	450	3,300	1,340	-	-	5,490
Total	163,242	96,049	114,916	317,052	106,645	18,303	816,207
EXPENSES:							
Insurance	122,911	64,581	82,216	-	13,624	2,927	286,259
Water & sewer	36,554	17,845	24,905	-	2,265	1,479	83,048
Electric	1,650	1,278	1,289	548	6,737	1,674	13,176
Pest control	-	-	-	25,870	-	-	25,870
Grounds	-	-	-	89,070	7,348	-	96,418
Tree trimming	-	-	-	7,688	4,200	2,400	14,288
Irrigation	-	-	-	1,046	-	-	1,046
Pool service and maintenance	-	-	-	-	11,492	5,230	16,722
Pool heat	-	-	-	-	-	2,741	2,741
Repairs and maintenance	18,218	4,841	3,845	48,178	8,175	-	83,257
Payroll	-	-	-	100,344	16,329	-	116,673
Legal and professional	-	-	-	28,103	-	-	28,103
Management	-	-	-	27,307	4,445	-	31,752
Postage, printing and supplies	-	-	-	4,613	-	-	4,613
Licenses and fees	-	-	-	649	400	400	1,449
Telephone	-	-	-	4,543	-	-	4,543
Fire safety	-	-	-	3,500	-	-	3,500
Total	179,333	88,545	112,255	341,459	75,015	16,851	813,458
EXCESS OF REVENUE (EXPENSES)	(16,091)	7,504	2,661	(24,407)	31,630	1,452	2,749
BEGINNING FUND BALANCES	(1,689)	54,496	64,850	(26,835)	(7,375)	3,274	86,721
TRANSFERS	-	-	-	-	(30,516)	(1,429)	(31,945)
ENDING FUND BALANCES	\$ (17,780)	\$ 62,000	\$ 67,511	\$ (51,242)	\$ (6,261)	\$ 3,297	\$ 57,525

See accompanying independent auditors' report.

PINE RUN ASSOCIATION, INC.
 SUPPLEMENTARY SCHEDULE - PREPAID ASSESSMENTS - REPLACEMENT FUND
 ACTIVITY BY SECTION
 YEAR ENDED DECEMBER 31, 2020

COMPONENTS	BALANCE AT 12/31/19	MEMBER		TRANSFERS	BALANCE AT 12/31/20
		ASSESSMENTS / INTEREST	EXPENSES		
SECTION I					
Roofs	\$ 172,008	\$ 50,022	\$ (61,153)	\$ -	\$ 160,877
Painting	29,334	15,436	(26,250)	-	18,520
Building restoration	(99,137)	14,121	(38,885)	-	(123,901)
Roads	9,138	4,815	(1,935)	-	12,018
Irrigation	20,003	-	(4,590)	-	15,413
Other reserves	182	-	-	-	182
Total Section I	<u>131,528</u>	<u>84,394</u>	<u>(132,813)</u>	-	<u>83,109</u>
SECTION II					
Roofs	139,851	26,931	(29,715)	-	137,067
Painting	39,545	13,689	(13,500)	-	39,734
Building restoration	(82,557)	9,203	(8,711)	-	(82,065)
Roads	7,569	1,783	(1,113)	-	8,239
Irrigation	10,645	375	(2,641)	-	8,379
Other reserves	6,212	-	-	-	6,212
Total Section II	<u>121,265</u>	<u>51,981</u>	<u>(55,680)</u>	-	<u>117,566</u>
SECTION III					
Roofs	115,426	35,294	1,800	-	152,520
Painting	20,323	12,704	-	-	33,027
Building restoration	(79,925)	12,544	(5,488)	-	(72,869)
Roads	8,532	1,935	(1,260)	-	9,207
Irrigation	10,903	527	(2,990)	-	8,440
Other reserves	3,764	3,000	-	-	6,764
Total Section III	<u>79,023</u>	<u>66,004</u>	<u>(7,938)</u>	-	<u>137,089</u>
SMALL POOL					
Pool Deck & Other	11,441	-	(17,985)	1,429	(5,115)
Total Small Pool	<u>11,441</u>	-	<u>(17,985)</u>	<u>1,429</u>	<u>(5,115)</u>
RECREATION					
Roofs	11,944	-	-	-	11,944
Painting	2,415	-	(1,100)	-	1,315
Building restoration	17,785	-	-	11,113	28,898
Roads	3,543	-	-	388	3,931
Irrigation	17,883	-	-	2,114	19,997
Pool equipment	10,145	-	-	8,062	18,207
Pool deck & other	(16,553)	-	-	6,933	(9,620)
Tennis courts	24,751	-	(20,313)	1,906	6,344
Total Recreation	<u>71,913</u>	-	<u>(21,413)</u>	<u>30,516</u>	<u>81,016</u>
Unallocated interest	2,315	-	-	-	2,315
Total Replacement Fund	<u>\$ 417,484</u>	<u>\$ 202,379</u>	<u>\$ (235,829)</u>	<u>\$ 31,945</u>	<u>\$ 415,979</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, 2020

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 12/31/2020	Remaining Reserve Required	2021 Funding Requirement (and Budget)
	Expectancy	Remaining				
SECTION I						
Roofs	18	4	\$ 400,000	\$ 205,935	\$ 194,065	\$ 48,516
Painting	8	2	70,000	18,521	51,479	25,740
Roads	20	12	60,000	14,308	45,692	3,808
Building Restoration	30	20	200,000	(166,482)	366,482	18,324
Irrigation	20	0	20,000	20,000	-	-
Total Section I			<u>750,000</u>	<u>92,282</u>	<u>657,718</u>	<u>96,388</u>
SECTION II						
Roofs	18	3	250,000	109,627	140,373	46,791
Painting	8	1	45,000	39,734	5,266	-
Roads	20	12	30,000	9,352	20,648	1,721
Building Restoration	30	21	150,000	(82,067)	232,067	11,051
Irrigation	20	0	10,000	10,000	-	-
Total Section II			<u>485,000</u>	<u>86,646</u>	<u>398,354</u>	<u>59,563</u>
SECTION III						
Roofs	18	2	200,000	150,720	49,280	24,640
Painting	8	2	55,000	33,027	21,973	10,987
Roads	20	12	35,000	10,467	24,533	2,044
Building Restoration	30	18	160,000	(118,472)	278,472	15,471
Irrigation	20	0	10,728	10,728	-	-
Total Section III			<u>460,728</u>	<u>86,470</u>	<u>374,258</u>	<u>53,142</u>
RECREATION						
Pool and pool deck	10	5	25,000	(9,623)	34,623	6,925
Building restoration	25	6	100,000	24,893	75,107	12,518
Pool equipment	20	1	20,000	11,942	8,058	8,058
Recreation roof	15	0	11,255	11,945	-	-
Roads	20	12	6,000	1,367	4,633	386
Tennis	10	7	40,000	26,658	13,342	1,906
Irrigation	20	1	20,000	18,700	1,300	1,300
Total Recreation			<u>222,255</u>	<u>85,882</u>	<u>137,063</u>	<u>31,093</u>
SMALL POOL						
Pool, pool deck	10	5	20,000	(5,115)	25,115	5,023
Total Small Pool			<u>20,000</u>	<u>(5,115)</u>	<u>25,115</u>	<u>5,023</u>
TOTAL			<u>\$ 1,937,983</u>	<u>\$ 346,165</u>	<u>\$ 1,592,508</u>	<u>\$ 245,208</u>

See accompanying independent auditors' report.