

MAPLE LEAF ESTATES
HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page</u>
<i>Independent Auditor's Report</i>	1-2
<i>Consolidated Financial Statements</i>	
Consolidated Balance Sheet	3
Consolidated Statement of Revenues and Expenses	4
Consolidated Statement of Changes in Members' Equity	5
Consolidated Statement of Cash Flows	6-7
Notes to Consolidated Financial Statements	8-13

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors and Members
Maple Leaf Estates Homeowners' Corporation
Port Charlotte, Florida**

We have audited the accompanying consolidated financial statements of **Maple Leaf Estates Homeowners' Corporation**, which comprise the consolidated balance sheet as of **December 31, 2018 and 2017**, and the related statements of revenues and expenses, changes in members' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility

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.

Auditor's 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 of 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, 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.

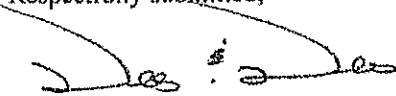
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors and Members
Maple Leaf Estates Homeowners' Corporation
February 19, 2019
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Maple Leaf Estates Homeowners' Corporation, Inc.** as of **December 31, 2018 and 2017**, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,



DEES & DEES, C.P.A.'s, P.A.
Port Charlotte, FL
February 19, 2019

CONSOLIDATED FINANCIAL STATEMENTS

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 2,819,495	\$ 4,342,505
Accounts receivable, Net	64,271	19,096
Inventories	53,126	55,815
Prepaid expenses	<u>37,249</u>	<u>34,443</u>
Total Current Assets	<u>2,974,141</u>	<u>4,451,859</u>
 <u>Property and Equipment, Net</u>	 <u>14,331,922</u>	 <u>12,533,731</u>
 <u>Other Assets</u>		
Mortgage refinancing – Net	41,578	48,230
Utility deposits	1,645	1,645
Golf equipment deposit	<u>13,500</u>	<u>-0-</u>
Total Other Assets	<u>56,723</u>	<u>49,875</u>
 TOTAL ASSETS	 <u>\$ 17,362,786</u>	 <u>\$ 17,035,465</u>
 <u>LIABILITIES AND MEMBERS' EQUITY</u>		
<u>Current Liabilities</u>		
Accounts payable and accrued expenses	\$ 137,428	\$ 184,383
Mortgage interest payable	23,892	24,648
Accrued compensated absences	205,175	229,603
Deferred revenues	378,653	252,001
Current portion of mortgage payable	<u>279,706</u>	<u>270,665</u>
Total Current Liabilities	1,024,854	961,300
 <u>Long-Term Liabilities</u>		
Mortgages payable, net of current portion	<u>8,270,744</u>	<u>8,550,450</u>
Total Liabilities	<u>9,295,598</u>	<u>9,511,750</u>
 <u>Members' Equity</u>		
Membership certificates	22,799,196	22,639,196
Retained earnings	<u>(14,732,008)</u>	<u>(15,115,481)</u>
Total Members' Equity	<u>8,067,188</u>	<u>7,523,715</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u>\$ 17,362,786</u>	 <u>\$ 17,035,465</u>

Read Independent Auditors' Report
The accompanying notes are an integral part of this statement.

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
CONSOLIDATED STATEMENT OF REVENUES AND EXPENSES
FOR YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Revenues</u>		
Rents - Shareholders	\$ 3,312,116	\$ 3,140,539
Rents - Non-shareholders	101,157	110,494
Golf - Fees and rentals	479,451	764,377
Commissions	70,001	69,462
Restaurant	374,198	363,695
Other income	114,330	72,583
Real estate fees	68,000	65,000
Interest and dividend income	50,016	32,627
Pro Shop	38,093	21,887
Fitness club membership	13,475	14,116
Total Revenues	<u>4,620,837</u>	<u>4,654,780</u>
<u>Expenses</u>		
Employee wages and benefits	1,758,067	1,877,584
Interest - Loans	268,176	267,038
Other costs	99,448	172,426
Contract services	428,623	440,825
Depreciation and amortization	587,656	633,753
Taxes and insurance	199,698	193,817
Utilities	180,286	196,911
Maintenance and repair	90,613	99,661
Operating supplies	144,564	169,025
General expenses	44,032	55,855
Administrative expenses	100,736	103,359
Cost of merchandise sold	187,783	167,244
Communications	34,554	34,254
Advertising	12,493	15,573
Office supplies	19,670	17,205
Vehicle supplies	21,931	15,877
Legal expenses	15,005	5,400
Bad debts	10,923	11,369
Capital under \$1,000	27,506	14,071
Total Expenses	<u>4,231,764</u>	<u>4,491,247</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES BEFORE OTHER REVENUE (EXPENSES)	389,073	163,533
Club revenue reported	69,134	72,386
Club expenses reported	(69,134)	(72,386)
Gain (Loss) on Disposal	<u>(5,600)</u>	<u>(2,744)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENSES	<u>\$ 383,473</u>	<u>\$ 160,789</u>

Read Independent Auditors' Report

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MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Members' equity at beginning of year,	\$ 7,523,715	\$ 7,238,148
Certificate holders' equity -- Certificates purchase - net	160,000	240,000
Contributed capital	-0-	1,500
Excess of revenues over (under) expenses	383,473	160,789
Prior period adjustment	<u>-0-</u>	<u>(116,722)</u>
MEMBERS' EQUITY AT END OF YEAR	<u>\$ 8,067,188</u>	<u>\$ 7,523,715</u>

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MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Cash collected from revenues	\$ 4,537,969	\$ 4,395,198
Cash paid to suppliers	(3,464,122)	(3,500,197)
Interest and dividend income received	50,016	32,627
Interest paid	(268,176)	(267,038)
Other income received	<u>114,330</u>	<u>72,583</u>
Net Cash Provided by Operating Activities	<u>970,017</u>	<u>733,173</u>
 <u>Cash Flows from Investing Activities</u>		
Purchase of improvement and equipment	<u>(2,382,362)</u>	<u>(363,848)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,382,362)</u>	<u>(363,848)</u>
 <u>Cash Flows from Financing Activities</u>		
Proceeds from certificates	160,000	240,000
Proceeds from long-term debt	-0-	1,400,000
Payments on long-term debt	(270,665)	(240,275)
Mortgage refinance costs	<u>-0-</u>	<u>(13,164)</u>
Net Cash Provided (Used) by Financing Activities	<u>(110,665)</u>	<u>(1,386,561)</u>
 Net Change in Cash and Cash Equivalents	(1,523,010)	1,755,886
 Beginning cash and cash equivalents	<u>4,342,505</u>	<u>2,586,619</u>
 ENDING CASH AND CASH EQUIVALENTS	<u>\$ 2,819,495</u>	<u>\$ 4,342,505</u>

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MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
CONSOLIDATED STATEMENT OF CASH FLOWS (CONT.)
FOR YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Excess of Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Excess of revenues over (under) expenses	\$ 383,473	\$ 160,789
Adjustments to Reconcile Excess of Revenues Over (under) Expenses to Net Cash Provided by Operating Activities:		
Depreciation and amortization	587,656	633,753
(Gain) Loss on disposal of property and equipment	3,166	2,744
(Increase) decrease in accounts receivable	(45,175)	(9,400)
(Increase) decrease in inventories	2,689	11,623
(Increase) decrease in lots held for resale	-0-	6,106
(Increase) decrease in prepaid expenses	(2,806)	6,267
Increase (decrease) in accounts payable and accrued expenses	(46,955)	64,176
Increase (decrease) in deferred revenues	126,653	(144,972)
Increase (decrease) in mortgage interest payable	(756)	3,883
Increase (decrease) in accrued compensated absences	(24,428)	(1,796)
(Increase) decrease in utility deposits	(13,500)	(1,796)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 970,017</u>	<u>\$ 733,173</u>

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MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Note A – Summary of Significant Accounting Policies

Nature of Organization

Maple Leaf Estates Homeowners' Corporation (the Corporation) which is located in Port Charlotte, Florida was incorporated in June, 1985 under the laws of Florida Statutes Chapter 617 and 723, "Florida Not for Profit Corporation Act" and the "Florida Mobile Home Act", respectively. The Corporation is responsible for (1) exercising all of the rights set forth in the said Acts; (2) equitably promoting and protecting all the residents' welfare; (3) maximizing efficiency of all operations for the benefit of its members under Chapter 617, subject to maintaining the park in good working order; and (4) promoting harmony and good fellowship among all residents of the Corporation. The Corporation has 1094 certificate holders.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation.

The Corporation adopted the provisions of FASB Accounting Standards Codification (ASC) 810-Consolidations. ASC 810 requires the consolidation of all majority-owned subsidiaries, even those whose operations differ significantly from those of the parent, unless control is temporary or does not rest with the majority owner. Accordingly, the Corporation's consolidated financial statements and footnotes have been prepared reflecting the full consolidation of the accounts of Maple Leaf Estates Homeowners' Corporation, Inc. and its consolidated subsidiary Maple Leaf Country Club Restaurant, Inc.

Basis of Accounting

The Corporation prepares its financial statements on the accrual basis of accounting in accordance with the generally accepted accounting principles promulgated by the American Institute of Certified Public Accountants.

Cash and Cash Equivalents

The Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Certificates of deposit ("CD") with an original term of 12 months or less are also classified with cash and cash equivalents. For fair value purposes, such CDs are considered held-to-maturity investments and, as such, are reported at historical cost, which approximates fair value.

Accounts Receivable

The members are subject to annual rents to provide funds for the Corporation's operating expenses. The Corporation reflects accounts receivable at unpaid balances net of an allowance for doubtful accounts. The Corporation establishes an allowance based on a periodic review of the accounts receivable and collection history.

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018 AND 2017

Note A – Summary of Significant Accounting Policies (Cont.)

Inventories

Inventories are stated at the lower of cost or market. Cost is determined substantially by the specific identification method.

Property and Equipment

Tangible property (i.e., furniture and fixtures, equipment and vehicles) is stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. When depreciable assets are retired or sold, the cost and related allowance for depreciation is removed from the accounts and the resulting gain or loss is reflected in operations.

Property and equipment acquired by the Corporation that is not directly associated with the unit owners is capitalized at cost. Depreciation is computed on the straight-line method over the assets' useful lives and is recorded as an expense in current operation.

Income Taxes

The Corporation files its income tax return as a regular corporation in accordance with Internal Revenue Code Section 277. Under that Section, the Corporation is subject to federal and state income taxes on all net income from non-membership activities reduced only by losses from non-membership activities for which a profit motive exists. For the year ended December 31, 2018, the Corporation had excess revenue over expenses of \$383,473. For the year ended December 31, 2017, the Corporation had excess revenue over expenses of \$160,789.

For the year ended December 31, 2018, the Corporation had a net operating loss carry over of \$785,600 for Federal and State income tax purposes available to offset future taxable income

Deferred Revenue

Deferred revenue represents prepaid rent and golf memberships paid by members during 2018 and 2017.

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

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018 AND 2017

Note A – Summary of Significant Accounting Policies (Cont.)

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to credit risk include cash and accounts receivable. Accounting principles generally accepted in the United States of America require the Corporation to identify and disclose certain concentrations of risks that potentially subject the Corporation to losses resulting from credit or market fluctuations, regardless of the degree of risk involved.

The Corporation maintains its cash accounts with local banks. Accounts at each commercial banking institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. During the years ending December 31, 2018 and 2017 the amounts deposited may exceed federally insured limits. The Corporation has not experienced any losses on such accounts and management does not believe the Corporation has been exposed to any significant risk related to cash and cash equivalents.

Advertising Costs

The Corporation’s policy is to expense advertising costs as incurred.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, investments, receivables, and payables approximates fair value due to the short maturity of these financial instruments.

The carrying value of short and long-term debts approximates fair value because those financial instruments bear interest at rates that approximate current market rates for loans with similar maturities and credit quality.

Note B – Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Checking accounts	\$ 198,950	\$ 488,248
Money market accounts	746,695	778,062
Petty cash	3,200	2,600
Certificates of Deposit	<u>1,870,650</u>	<u>3,073,595</u>
	<u>\$2,819,495</u>	<u>\$4,342,505</u>

Note C – Accounts Receivable

Accounts receivable consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 64,388	\$ 26,260
Bank late fees	4,494	5,352
Rents receivable – Certificate	20,699	25,152
Rents receivable – Non-Certificate	4,934	-0-
Allowance for doubtful accounts	<u>(30,244)</u>	<u>(37,668)</u>
	<u>\$ 64,271</u>	<u>\$ 19,096</u>

Read Independent Auditor’s Report

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018 AND 2017

Note D -- Inventories

Inventories consist of the following at December 31:	<u>2018</u>	<u>2017</u>
Pro shop	\$ 25,289	\$ 26,759
Alcohol	9,247	9,118
Food	11,984	10,477
RFID Tag, gate card and barcode	2,225	3,851
Gasoline	899	978
Electric pedestal	3,482	4,632
	<u>\$ 53,126</u>	<u>\$ 55,815</u>

Note E – Prepaid Expenses

Prepaid expenses consist of the following at December 31:	<u>2018</u>	<u>2017</u>
Insurance	\$ 28,894	\$ 26,209
Other prepaid expenses	6,802	6,873
Postage	1,553	1,361
	<u>\$ 37,249</u>	<u>\$ 34,443</u>

Note F – Property and Equipment

Property and equipment consist of the following at December 31:	<u>2018</u>	<u>2017</u>
Land	\$ 5,417,300	\$ 4,712,000
Land improvements	20,623,753	19,136,256
Buildings	6,146,528	6,137,000
Furniture and fixtures	369,588	364,274
Equipment	1,374,726	1,287,613
Vehicles	254,538	262,221
	34,186,433	31,889,364
Accumulated depreciation	(19,854,511)	(19,365,633)
	<u>\$ 14,331,922</u>	<u>\$ 12,533,731</u>

The depreciation expense in 2018 and 2017 was \$581,004 and \$627,906, respectively.

Note G – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at December 31:

Accounts and accrued expenses	<u>2018</u>	<u>2017</u>
Accounts and accrued expenses	\$ 129,825	\$ 177,718
Sales tax – Park/golf	4,896	3,773
Sales tax – Restaurant	2,707	2,892
	<u>\$ 137,428</u>	<u>\$ 184,383</u>

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018 AND 2017

Note H – Deferred Revenues

Deferred revenues consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Golf memberships	\$ 350,303	\$ 226,693
Golf advance deposits	8,117	2,226
Lot rents – Certificate	13,887	13,115
Lot rents – Non-certificate	9	55
Gift certificates	<u>6,337</u>	<u>9,912</u>
	<u>\$ 378,653</u>	<u>\$ 252,001</u>

Note I – Accrued Compensated Absences

Employees of the Corporation earn annual vacation and sick leave based on stated policies. A portion of these benefits are payable to the employee upon termination. These accrued amounts are shown as a liability on the consolidated balance sheet and the related change in liability is reflected as an expense for the year in which the change occurs.

Note J - Long-Term Debt

Long-term debt consists of the following obligations at December 31:

	<u>2018</u>	<u>2017</u>
Mortgage note payable to Northwestern Mutual, principal and interest payable monthly at \$46,401 including interest at a rate of 3.29%. Principal payments are based on an amortization period of 25 years. The obligation is collateralized by the respective real property. The final payment of out-standing principal and all accrued and unpaid interest is due May 1, 2025.	\$ 8,550,450	\$ 8,821,115
Current portion	<u>(279,706)</u>	<u>(270,665)</u>
Long-Term Portion	<u>\$ 8,270,744</u>	<u>\$ 8,550,450</u>

Note J - Long-Term Debt (Cont.)

Principal maturities of long-term debt are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2019	\$ 279,706
2020	288,968
2021	298,763
2022	308,679
2023	318,989
Thereafter	<u>7,055,345</u>
	<u>\$ 8,550,450</u>

MAPLE LEAF ESTATES HOMEOWNERS' CORPORATION
PORT CHARLOTTE, FLORIDA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
DECEMBER 31, 2018 AND 2017

Note K – Membership Certificates

Membership certificates consist of certificates with no stated par value. There are 1,112 certificates authorized and 1,094 and 1,090 certificates issued and outstanding in 2018 and 2017, respectively.

Note L – Prior Period Adjustment

During 2017, an adjustment was made to reflect the accrued compensated absences to include all unused vacation hours earned by the employees. This was a change from prior periods when the accrual was limited to a maximum of 240 hours. These additional hours were accrued prior to 2017.

Note M – Subsequent Events

Management has evaluated subsequent events through February 19, 2019, the date which the financial statements were available for issue, and has determined that there are no additional adjustments and/or disclosures required.