



SUN CITY CENTER WEST MASTER ASSOCIATION, INC.

FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' REPORT AND SUPPLEMENTARY INFORMATION

MARCH 31, 2017





INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Sun City Center West Master Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Sun City Center West Master Association, Inc., which comprise the balance sheet as of March 31, 2017, 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.

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 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, 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 Sun City Center West Master Association, Inc. as of March 31, 2017, 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.

**SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017**

NOTE 1 NATURE OF ORGANIZATION

Sun City Center West Master Association, Inc., (the "Master Association") was incorporated on May 29, 1973 as a corporation, not-for-profit, under the terms and provisions of Chapter 617, Florida Statutes. The Master Association is responsible for operating and maintaining the common property of the Sun City Center West project located in Hillsborough County, Florida. For Associations (the "Member Associations") located within the Sun City Center West project, membership to the Master Association is automatic. As of March 31, 2017, there were 114 Member Associations.

The Master Association transferred control from Minto Communities, Inc. (the "Developer") on September 1, 2015. The first resident controlled Board of Directors approved an operating budget for fiscal year end March 31, 2017. The first election of the five-member Board of Directors took place on November 18, 2015.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The financial statements of the Master Association are prepared on the accrual basis of accounting, which recognizes revenue when earned, regardless of when received, and expenses when incurred, regardless of when paid.

The Master 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 financial statements have been prepared 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 Master Association.

Replacement Fund – This fund is used to accumulate financial resources designated for future major repairs and replacements.

Liquidity

Assets are presented in the accompanying balance sheet according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2017 includes cash deposits and money market accounts. The Master Association considers all investments with a maturity date of three months or less when purchased to be cash equivalents.

SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

Concentrations of Credit Risk

Financial instruments that potentially subject the Master Association to concentrations of credit risk consist principally of cash deposits in financial institutions. The Master Association maintains bank accounts with balances which, at times, may exceed federally insured limits. The Association has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposits.

Commonly Owned Assets

Real property and common areas acquired from the developer and related to improvements to such property are not recorded in the Master Association's financial statements because those properties are owned by the Member Associations.

Supplies Inventory

Inventory consists of irrigation repair parts stated at the lower of cost (average cost) or market value.

Fair Value of Financial Instruments

The Master Association's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses and a line of credit. The carrying amount of these financial instruments approximates fair value due either to length of maturity or interest rates that approximate prevailing market rates unless otherwise disclosed in these financial statements.

Interest Earned

The Board's policy is to allocate interest earned to the operating and replacement fund in proportion to the interest bearing deposits of each fund.

Donated Services

The Board and its officers serve without compensation. The value of such services is not recorded in the financial statements.

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

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, The Master Association has evaluated subsequent events through May 18, 2017, the date the financial statements were available for issue.

**SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017**

NOTE 3 MEMBERSHIP ASSESSMENTS

Member Associations are assessed monthly based on their pro-rata share of the number of units within the Master Association. For the year ended March 31, 2017, each Member Association unit was assessed approximately \$35 monthly. Of these assessments, approximately \$14 was designated for the Replacement Fund. As of March 31, 2017, the Member Associations had a combined total of 5,595 units.

The annual budget and assessments to Member Associations are determined by the Board. The Master Association retains excess operating funds at the end of the operating year, if any, for use in future operating periods.

NOTE 4 FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Master Association's governing documents provide certain guidelines for governing its financial activities. The Master Association maintains an Operating Fund available for general operations and a Replacement Fund designated for future major repairs and replacements. Replacement funds are held in separate bank accounts and generally are not available for expenditures for normal operations.

In November 2016, management, in conjunction with vendors, estimated the remaining useful lives and the replacement costs of the components of common property using the Pooling Method of funding future major repairs and replacements. At this time, the Board has not conducted an independent formal study of all the common property components. The results of a formal study may differ from management's estimates. The table included in the Supplementary Information on Future Major Repairs and Replacements is based on management's estimates.

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 Master Association has the right, subject to membership approval, to increase regular assessments, pass special assessments, or delay major repairs and replacements until funds are available.

The following is a table of the current year's activity in the Replacement Fund, by component:

	April 1, 2016	Additions	Charges	Transfers	March 31, 2017
Pooled reserves	\$ 1,215,844	\$ 954,359	\$ (1,182,019)	\$ 100,000	\$ 1,088,184

SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 5 ASSESSMENTS RECEIVABLE

The Master Association's policy is to retain legal counsel and pursue Member Associations whose assessments are seriously delinquent. As of March 31, 2017, the Master Association's assessments receivable had a balance of \$0. It is the opinion of the Board that the assessment receivable is fully collectible.

NOTE 6 INCOME TAXES

Homeowners' associations may be taxed either as homeowners' associations or as regular corporations. The Master Association has elected to be taxed as a homeowners' association. As a homeowners' association, nonexempt function income, such as interest earnings, is taxed at a flat rate of 30%. Exempt function income, which consists primarily of member assessments, is not taxable. The Master Association has evaluated its tax position and concluded that the Master Association has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, the Master Association is no longer subject to income tax examinations by the U.S. federal or state tax authorities up to three years after taxes are filed.

NOTE 7 LINE OF CREDIT

The Association entered into a line of credit agreement with a financial institution on December 12, 2016 in the amount of \$500,000. The line of credit matures on June 12, 2022 and bears interest at a rate of 4.35% per annum. The line of credit is secured by regular and special assessments of the Association. The Association had approximately \$102,000 drawn on the line of credit at March 31, 2017. The line of credit does not have financial covenants.

NOTE 8 COMMITMENTS AND CONTINGENCIES

The Master Association may be periodically involved in legal actions and claims that arise as a result of events that occur in the normal course of operations. The Master Association has entered into several contractual agreements, generally cancelable on 30 days written notice, with outside vendors and service providers to maintain the building and grounds and to help with the Master Association's administration.

NOTE 9 LEASE

The Association entered into a lease agreement for a golf course clubhouse and land. The lease commenced on January 1, 2017 and expires on December 31, 2026. The parties to the lease have the ability to cancel the lease with twelve months notice. The lease calls for monthly payments beginning January 1, 2017 in the amount of \$3,000 and adjust annually by

SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

the percentage increase in CPI. The Association paid a security deposit of \$1,500 as required by the agreement.

The Association is subleasing the above mentioned property for \$2,000 per month over the same lease term. The sublease will terminate upon termination of the lease agreement.

NOTE 10 PRIOR PERIOD ADJUSTMENT

The Association recorded a prior period adjustment as a result of an error related to expensing inventory items before they were used. The result of the correcting entry was to capitalize approximately \$53,000 into supplies inventory, and to increase operating fund balance by the same. Supplies will be expensed as used going forward.

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Supplementary Information
for the article
"Structural Basis for the
Inhibition of the
Human Cytomegalovirus
Glycoprotein B by
the Anticancer Drug
Vincristine"

SUPPLEMENTARY INFORMATION

**SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
 SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND
 REPLACEMENTS (UNAUDITED)
 MARCH 31, 2017**

In November 2016, management, in conjunction with vendors, estimated the remaining useful lives and the replacement costs of the components of common property. Replacement costs were based on the estimated costs to repair or replace the common property components at the time of this study using the Pooling Method. The required funding amount in the table below is provided by the informal study:

Components	Estimated Remaining Useful Lives (Years)	Estimated Future Replacement Costs	April 1, 2017 Reserve Funding	April 1, 2017 - March 31 2018 Funding Required and Approved
Signs, Lights, Benches	9 - 19	\$ 531,229		
Buildings	0 - 24	84,248		
Drainage	1	350,129		
Walls, Fencing, Gates	0 - 12	101,105		
Bridge	1 - 21	182,618		
Irrigation	0 - 19	2,077,482		
Landscaping	1	10,000		
Roads	12 - 24	4,723,448		
		<u>\$ 8,060,259</u>	<u>\$ 1,088,184</u>	<u>\$ 1,076,275</u>

SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	Operating Fund	Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Deficit of revenues over expenses	\$ (152,664)	\$ (227,660)	\$ (380,324)
Change in:			
Sublease receivable	(6,000)	-	(6,000)
Prepaid expenses	2,884	-	2,884
Inventory	5,082	-	5,082
Utility deposits	(1,620)	-	(1,620)
Accounts payable and accrued expenses	5,632	-	5,632
Prepaid assessments	405	-	405
Interfund balance	4,588	(4,588)	-
Net cash from operating activities	(141,693)	(232,248)	(373,941)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from line of credit	102,150	-	102,150
Fund transfer	(100,000)	100,000	-
Net cash from financing activities	2,150	100,000	102,150
NET CHANGE IN CASH AND CASH EQUIVALENTS	(139,543)	(132,248)	(271,791)
Cash and cash equivalents - beginning of year	161,139	1,215,844	1,376,983
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 21,596	\$ 1,083,596	\$ 1,105,192
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	\$ 844	\$ -	\$ 844

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

**SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2017**

	Operating Fund	Replacement Fund	Total
REVENUES			
Membership assessments	\$ 1,397,855	\$ 952,045	\$ 2,349,900
Interest income	1,565	2,314	3,879
Total revenues	1,399,420	954,359	2,353,779
EXPENSES			
Repairs & maintenance	326,038	1,182,019	1,508,057
Utilities	400,576	-	400,576
Landscaping	357,929	-	357,929
Insurance	147,435	-	147,435
Management fees	157,776	-	157,776
Professional fees	97,507	-	97,507
Lake maintenance	32,963	-	32,963
Administration	31,860	-	31,860
Total expenses	1,552,084	1,182,019	2,734,103
DEFICIT OF REVENUES OVER EXPENSES	(152,664)	(227,660)	(380,324)
Fund transfer	(100,000)	100,000	-
Fund Balances - beginning of year	241,339	1,215,844	1,457,183
FUND BALANCES - END OF YEAR	\$ (11,325)	\$ 1,088,184	\$ 1,076,859

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

SUN CITY CENTER WEST MASTER ASSOCIATION, INC.
BALANCE SHEET
MARCH 31, 2017

	Operating Fund	Replacement Fund	Total
ASSETS			
Cash and cash equivalents	\$ 21,596	\$ 1,083,596	\$ 1,105,192
Sublease receivable	6,000	-	6,000
Prepaid expenses	6,346	-	6,346
Supplies inventory	49,253	-	49,253
Utility deposits	67,395	-	67,395
Total assets	\$ 150,590	\$ 1,083,596	\$ 1,234,186
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued expenses	\$ 54,772	\$ -	\$ 54,772
Prepaid assessments	405	-	405
Line of credit	102,150	-	102,150
Interfund borrowings	4,588	(4,588)	-
Total liabilities	161,915	(4,588)	157,327
FUND BALANCES	(11,325)	1,088,184	1,076,859
Total liabilities and fund balances	\$ 150,590	\$ 1,083,596	\$ 1,234,186

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



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 12 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, who 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.

Accell Audit & Compliance, PA

Tampa, Florida
May 18, 2017