

**FIELDSTREAM WEST  
HOMEOWNERS ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2009**

**INDEPENDENT ACCOUNTANTS' COMPILATION REPORT**

To the Board of Directors  
Fieldstream West Homeowners Association, Inc.

We have compiled the accompanying balance sheet of Fieldstream West Homeowners Association, Inc. as of December 31, 2009, and the related statements of revenue, expenditures and changes in fund balance and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The American Institute of Certified Public Accountants has determined that supplementary information about future major repairs and replacements of common property is required to supplement, but not required to be a part of, the basic financial statements. The Association has not presented this supplementary information.

*J. Michalak, LLC*

Joseph R. Michalak, LLC  
Certified Public Accountant

Maitland, Florida  
January 11, 2010

**FIELDSTREAM WEST HOMEOWNERS ASSOCIATION, INC.**

**BALANCE SHEET**

**December 31, 2009**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Cash, including interest-bearing deposits	\$ 3,620	\$ 5,680	\$ 9,300
Assessments receivable net of allowance ( Note 3 )	20,190	-	20,190
Prepaid expenses	2,740	-	2,740
Due from operating fund	-	5,000	5,000
Deposit	300	-	300
<b>TOTAL ASSETS</b>	<u><u>\$ 26,850</u></u>	<u><u>\$ 10,680</u></u>	<u><u>\$ 37,530</u></u>
 <b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 1,760	\$ -	\$ 1,760
Assessments received in advance	2,310	-	2,310
Due to replacement fund	5,000	-	5,000
<b>TOTAL LIABILITIES</b>	<u>9,070</u>	<u>-</u>	<u>9,070</u>
<b>FUND BALANCE:</b>	<u>17,780</u>	<u>10,680</u>	<u>28,460</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 26,850</u></u>	<u><u>\$ 10,680</u></u>	<u><u>\$ 37,530</u></u>

See accompanying notes and accountants' compilation report.

**FIELDSTREAM WEST HOMEOWNERS ASSOCIATION, INC.**

**STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCE**

**Year Ended December 31, 2009**

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTALS</u>
<b>REVENUE:</b>			
Assessments	\$ 143,440	\$ 1,800	\$ 145,240
Interest	80	10	90
Other	620	-	620
<b>TOTAL REVENUE</b>	<u>144,140</u>	<u>1,810</u>	<u>145,950</u>
<b>EXPENDITURES:</b>			
Repair and maintenance	1,190	-	1,190
Cable service	79,360	-	79,360
Utilities	1,450	-	1,450
Contract grounds maintenance	24,600	-	24,600
Irrigation repair	830	-	830
Other grounds maintenance	2,610	-	2,610
Contract management fee	13,800	-	13,800
Security	4,720	-	4,720
Office and other	4,120	-	4,120
Legal and accounting	5,210	-	5,210
Insurance	5,100	-	5,100
License and fees	60	-	60
Bad debt	6,090	-	6,090
<b>TOTAL EXPENDITURES</b>	<u>149,140</u>	<u>-</u>	<u>149,140</u>
<b>REVENUE IN EXCESS OF EXPENDITURES</b>	< 5,000 >	1,810	< 3,190 >
<b>FUND BALANCE – Beginning of year</b>	<u>22,780</u>	<u>8,870</u>	<u>31,650</u>
<b>FUND BALANCE – End of year</b>	<u>\$ 17,780</u>	<u>\$ 10,680</u>	<u>\$ 28,460</u>

See accompanying notes and accountants' compilation report.

FIELDSTREAM WEST HOMEOWNERS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2009

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Revenue in excess of expenditures	\$ < 5,000 >	\$ 1,810
Adjustment to reconcile excess of revenue over expenditures to net cash provided by operating activities:		
(Increase) decrease in:		
Assessments receivable	< 5,160 >	-
Prepaid expenses	180	-
Due from operating fund	-	< 5,000 >
Increase (decrease) in:		
Accounts payable and accrued expenses	1,110	-
Assessments received in advance	< 310 >	-
Due to replacement fund	<u>5,000</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATIONS	< 4,180 >	< 3,190 >
CASH AT BEGINNING OF YEAR	<u>7,800</u>	<u>8,870</u>
CASH AT END OF YEAR	<u>\$ 3,620</u>	<u>\$ 5,680</u>

See accompanying notes and accountants' compilation report.

**FIELDSTREAM WEST HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Fieldstream West Homeowners Association, Inc. is incorporated in the State of Florida. The Association is responsible for the operation and maintenance of the common property within the development. The development consists of 219 residential units located in Orange Country, Florida.

Fund Accounting

The Association presents its financial statements on the accrual basis using fund accounting. The financial statements are therefore segregated into funds based upon different funding policies established for operating and capital expenditures.

The operating fund reflects the maintenance assessments paid by unit owners to meet the regular, recurring costs of operations. Expenditures from this fund are limited to those connected with daily operations.

The replacement fund is composed of capital assessments paid by unit owners to fund future replacements and major repairs. Expenditures from this fund are restricted to those items for which assessments were specifically collected.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Real and Common Area Property

Real and common area property owned by the Association is not recorded in the Association's financial statements as it was acquired in a nonmonetary transaction from the developer and the fair value of the assets cannot be reasonably determined. As a result, improvements made to the real property and common areas are not capitalized.

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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

FIELDSTREAM WEST HOMEOWNERS ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 2: RESERVE FOR MAJOR REPAIRS AND REPLACEMENTS

The Association is funding for major repairs and replacements based on estimated current replacement costs. Actual expenditures, however, may vary from the estimated amounts and the variations may be material. Therefore, amounts accumulated in the Replacement Fund may not be adequate to meet future needs. If additional funds are needed, the Association has the right to increase regular assessments, to levy special assessments, or it may delay major repairs and replacements until funds are available. The effect on future assessments has not been determined at this time.

The following table presents significant information about the components of common property:

COMPONENT	BALANCE 1/1/2009	FUNDING DURING YEAR	INTEREST INCOME	EXPENSES DURING YEAR	BALANCE 12/31/2009
Contingency	\$ 8,860	\$ 1,800	\$ 10	\$ -	\$ 10,670
Interest	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
	<u>\$ 8,870</u>	<u>\$ 1,800</u>	<u>\$ 10</u>	<u>\$ -0-</u>	<u>\$ 10,680</u>

NOTE 3: MEMBER ASSESSMENTS

Association members are subject to assessments to provide funds for the Association's operating expenditures, future capital acquisitions, and major repairs and replacements. Assessments receivable at the balance sheet date represent fees due from unit owners. It is the Association's policy to retain legal counsel and place liens on the property of delinquent homeowners. Assessments which have been deemed to be uncollectible as of the report date have been charged to bad debts.

**FIELDSTREAM WEST HOMEOWNERS ASSOCIATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2009**

**NOTE 4: INCOME TAXES**

Homeowners' associations may elect to be taxed as regular corporations or as homeowners' associations. With either election the Association is generally taxed only on its non-membership income, such as interest earnings.

**NOTE 5: COMMITMENTS AND CONTINGENCY**

The Association has entered into various short-term contractual agreements with outside vendors and service providers to maintain its common property and to administer the Association. These contracts have different expiration dates and renewal terms.

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were issued.