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Compilation Report

Brookside Townhomes
Homeowners' Association, Inc.
4285 Brookside Drive
Pensacola, Florida 32503

I have compiled the accompanying statements of assets, liabilities and members' equity of Brookside Townhomes Homeowners' Association, Inc., as of December 31, 2013, 2012, and 2011, and the related statements of revenues and expenses for the years then ended, in accordance with 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 the financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance.

It is the Association's policy to prepare its financial statements on the modified basis of cash receipts and disbursements. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses and liabilities are recognized when the cash is disbursed rather than when the obligations are incurred. This method differs from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted by the United States of America. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the company's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

I am not independent with respect to Brookside Townhomes Homeowners' Association, Inc.

David J. Bryant

David J. Bryant, CPA
February 4, 2014

Brookside Townhomes Homeowners' Association, Inc.
Statement of Assets, Liabilities and Members' Equity
Modified Cash Basis
December 31, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
ASSETS			
Current Assets			
Coastal Bank & Trust - Checking	\$ 12,437.97	\$ 18,850.19	\$ 10,105.35
Coastal Bank & Trust - Money Market	87,110.66	76,308.76	54,264.56
Total Current Assets	<u>\$ 99,548.63</u>	<u>\$ 95,158.95</u>	<u>\$ 64,369.91</u>
TOTAL ASSETS	<u><u>\$ 99,548.63</u></u>	<u><u>\$ 95,158.95</u></u>	<u><u>\$ 64,369.91</u></u>
LIABILITIES & MEMBERS' EQUITY			
Liabilities			
Current Liabilities			
Prepaid Association Fees & Deposits	\$ 26,499.84	\$ 20,480.91	\$ 17,070.00
Current Portion - Siding Loan	33,221.46	31,423.69	32,116.53
Total Current Liabilities	<u>\$ 59,721.30</u>	<u>\$ 51,904.60</u>	<u>\$ 49,186.53</u>
Long Term Liabilities			
Siding Loan	\$ 137,277.29	\$ 168,666.80	\$ 197,206.30
Less - Current Portion	(33,221.46)	(31,423.69)	(32,116.53)
Total Long Term Liabilities	<u>\$ 104,055.83</u>	<u>\$ 137,243.11</u>	<u>\$ 165,089.77</u>
Total Liabilities	\$ 163,777.13	\$ 189,147.71	\$ 214,276.30
Members' Equity (Deficit)			
Members' Equity (Deficit) - Loan Balance	\$ (137,277.29)	\$ (168,666.80)	\$ (197,206.30)
Members' Equity (Deficit)	43,288.53	18,760.41	(4,856.32)
Current Year Net Revenue	29,760.26	55,917.63	52,156.23
Total Members' Equity (Deficit)	<u>\$ (64,228.50)</u>	<u>\$ (93,988.76)</u>	<u>\$ (149,906.39)</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	<u><u>\$ 99,548.63</u></u>	<u><u>\$ 95,158.95</u></u>	<u><u>\$ 64,369.91</u></u>

See Accountant's Compilation Report

Brookside Townhomes Homeowners' Association, Inc.
Statement of Revenues and Expenses
Modified Cash Basis
For the years ended December 31, 2013, 2012, and 2011

	<u>2013</u>	<u>2012</u>	<u>2011</u>
ORDINARY REVENUE/EXPENSES			
Revenue			
Homeowners Dues	\$ 101,242.76	\$ 113,544.36	\$ 113,711.16
Total Revenue	<u>\$ 101,242.76</u>	<u>\$ 113,544.36</u>	<u>\$ 113,711.16</u>
Expenses			
Bank Charges	-	-	10.00
General Maintenance	1,524.17	2,352.44	1,228.83
Insurance	4,337.63	3,504.94	3,406.09
Lawn Maintenance/Spraying	20,088.00	19,220.88	23,522.54
Meeting Expenses	100.00	50.00	50.00
Neighborhood Watch	-	(0.91)	71.31
Office supplies	336.17	344.40	195.16
Pool Maintenance & Repairs	7,736.97	6,036.51	6,243.98
Postage	278.25	236.50	342.02
Professional Fees	2,275.00	(635.53)	(800.00)
Sprinkler Repairs	517.00	78.00	772.00
Taxes and Licenses	479.25	479.25	479.25
Utilities	14,688.05	14,983.55	13,354.54
Total Expenses	<u>\$ 52,360.49</u>	<u>\$ 46,650.03</u>	<u>\$ 48,875.72</u>
NET ORDINARY REVENUE	<u>\$ 48,882.27</u>	<u>\$ 66,894.33</u>	<u>\$ 64,835.44</u>
OTHER REVENUE/EXPENSES			
Other Revenue			
Interest	278.57	741.14	899.78
Late Fee Income	1,500.00	1,675.00	1,825.00
Other Income	5.75	25.00	-
Total Other Revenue	<u>\$ 1,784.32</u>	<u>\$ 2,441.14</u>	<u>\$ 2,724.78</u>
Other Expenses			
Other Expenses	-	26.25	245.50
Major Repairs/Replacements	12,263.00	2,300.00	-
Siding Loan Interest	8,643.33	11,091.59	15,158.49
Total Other Expenses	<u>\$ 20,906.33</u>	<u>\$ 13,417.84</u>	<u>\$ 15,403.99</u>
NET OTHER REVENUE (EXPENSES)	<u>\$ (19,122.01)</u>	<u>\$ (10,976.70)</u>	<u>\$ (12,679.21)</u>
NET REVENUE	<u><u>\$ 29,760.26</u></u>	<u><u>\$ 55,917.63</u></u>	<u><u>\$ 52,156.23</u></u>

Brookside Townhomes Homeowners' Association, Inc.
Notes to Financial Statements
December 31, 2013

The Brookside Townhomes Homeowners' Association, Inc. (the Association) is incorporated under the laws of Florida and operated to perform those services normally associated with this type of association. These services include preserving and maintaining the common property of the Association.

The Association consists of 86 individually-owned townhouses located in Pensacola, Florida. The Association is governed by an elected Board of Directors of no more than nine individuals. The Board executes and monitors various contracts for the preservation and maintenance of the common property of the Association, which include roads, parking lots, a pool, a tennis court, and other areas. In addition, the Association maintains certain privately-owned property or Association-owned property located on privately-owned property, including a sprinkler system, lawns, and fencing. The Board of Directors has elected to contract with a member of the Association, with the requisite experience, to manage the financial accounts of the Association.

The Association is governed by certain documents including Covenants, Conditions and Restrictions, as amended and filed in the public records of Escambia County, Florida.

Association Assessments

The Board of Directors establishes the quarterly assessments, subject to the guidelines and limitations in the governing documents. The assessments are used to offset the costs associated with preserving and maintaining the common property of the Association. In addition to quarterly assessments, new townhome purchasers are required to provide a deposit equal to 2 quarters dues. These deposits are used to defray losses if the purchased townhome becomes subject to foreclosure or bankruptcy. Deposits are returned upon the sale of a townhome.

Note Payable

In December 2007, the Association executed a \$300,000 loan with Coastal Bank and Trust (formerly Bank of Pensacola). The proceeds of the loan were used to offset the costs associated with the vinyl siding of all townhomes in the Association. The note called for monthly principal and interest payments for the initial term of 60 months. In May 2012, the Association renewed the note. The note balance at the time of renewal was \$186,753.43. The new note calls for monthly principal and interest payments totaling \$3,336.07. At the current payment and interest rate, it is estimated the loan will be paid in full in October 2017.

Future anticipated debt service payments are as follows:

For the Year Ended December 31,	Principal	Interest	Balance
2013			137,277.29
2014	33,221.46	6,811.38	104,055.83
2015	35,122.11	4,910.73	68,933.72
2016	37,121.48	2,911.36	31,812.24
2017	31,812.24	788.52	0.00

Brookside Townhomes Homeowners' Association, Inc.
Notes to Financial Statements
December 31, 2013

Future Major Repairs and Replacements

Pursuant to Florida Statutes, the Association establishes reserves for capital expenditures and deferred maintenance. In determining the required reserve, the Association Board has estimated the remaining useful life and estimated replacement cost or deferred maintenance expense of major projects. These estimates are based on prior repairs indexed for inflation and/or current estimates. Actual expenditures may vary from estimates and those variations may be material.

The reserves are funded through excess revenues over expenses each fiscal year. The Association determines the appropriate level of quarterly assessment necessary to fund operating expenses and provide for the necessary reserves.

The schedule of major projects and estimated costs is as follows:

Project	Frequency	Last Done	Next Due	Estimated Cost
Pool Deck Repair	15 Years	1983	2014	\$ 15,000
Pool Coping Repair/Replacement	15 Years	1983	2014	10,000
Sidewalks/Curbs Repair - Common Areas	15 Years	1983	2014	7,500
Road Resurfacing	15 Years	1983	2014	95,000
Poolhouse Repair	10 Years	2005	2015	2,500
Mailbox Building Repair	10 Years	2005	2015	5,000
Perimeter Fence Replacement	10 Years	2005	2015	25,000
Pool Pump Replacement/Major Repair	15 Years	2001	2016	15,000
Tennis Court Resurfacing	10 Years	2008	2018	10,000
Pool Interior Resurfacing	10 Years	2009	2019	10,000
Parking Space Striping	10 Years	2010	2020	5,000
Sprinkler Pump Replacement	15 Years	2010	2025	3,000