

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.

MEMPHIS, TENNESSEE

FINANCIAL STATEMENTS

DECEMBER 31, 2010

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.  
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DECEMBER 31, 2010

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**BERRY & CACCAMISI, P.C.**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Carrollwood Lakes Homeowners Association, Inc.  
Memphis, Tennessee

We have audited the accompanying Balance Sheet of CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC., as of December 31, 2010, and the related Statements of Revenue and Expenses, Changes in Fund Balance and Cash Flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC. as of December 31, 2010, 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.

*Berry + Caccamisi, P.C.*

March 10, 2011

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.  
BALANCE SHEET  
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash - Checking	\$	65,444
Cash - Savings		46,415
Accounts Receivable		123,455
Prepaid Insurance		4,510
		4,510
TOTAL ASSETS	\$	239,824

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Notes Payable-Current Portion	\$	42,099
Accounts Payable		1,202
Prepaid Assessment Fees		50,082
		50,082
Total Current Liabilities	\$	93,383

LONG-TERM LIABILITIES

Notes Payable	\$	99,398
Less Current Portion		42,099
Total Long-Term Liabilities		57,299
	\$	57,299

FUND BALANCE

Fund Balance		89,142
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TOTAL LIABILITIES AND FUND BALANCE	\$	239,824
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The notes to financial statements are an integral part of these statements.

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.  
STATEMENT OF REVENUE AND EXPENSES  
YEAR ENDED DECEMBER 31, 2010

<u>REVENUE</u>		
Assessment Fees - Homeowners	\$	222,976
Interest		239
Miscellaneous and Late Fees		7,904
		7,904
Total Revenue	\$	231,119
<u>EXPENSES</u>		
Capital Expenditures	\$	72,950
Cleaning Service		2,900
Homeowners' Activities		175
Insurance		7,092
Interest		9,176
Lake Pond Maintenance		6,776
Lawn Care Contract		26,750
Legal		5,569
Licenses and Permits		1,360
Management Fees		20,589
Office Expense		6,149
Pool Repairs and Service		6,414
Professional Fees		909
Repairs and Maintenance		2,444
Security Guard		15,312
Telephone		628
Utilities		2,785
		2,785
Total Expenses		187,978
EXCESS OF REVENUES OVER EXPENSES BEFORE INCOME TAXES	\$	43,141
INCOME TAXES		-
EXCESS OF REVENUES OVER EXPENSES	\$	43,141

The notes to financial statements are an integral part of these statements.

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.  
STATEMENT OF CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2010

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FUND BALANCE - BEGINNING OF YEAR	\$ 46,001
EXCESS OF REVENUES OVER EXPENSES	<u>43,141</u>
FUND BALANCE - END OF YEAR	<u>\$ 89,142</u>

The notes to financial statements are an integral part of these statements.

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2010

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Excess of Revenues over (Expenses)	\$ 43,141
Increase (Decrease) in Liabilities	2,429
(Increase) Decrease in Accounts Receivable	(7,337)
(Increase) Decrease in Prepaid Expenses	(183)
	\$ 38,050
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Decrease in Loan Payable	\$ (39,046)
INCREASE (DECREASE) IN CASH	\$ (996)
CASH, BEGINNING OF YEAR	112,855
CASH, END OF YEAR	\$ 111,859
 <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>	
Cash Paid During Year For:	
Income Taxes	\$ -

The notes to financial statements are an integral part of these statements.

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CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CARROLLWOOD LAKES HOMEOWNERS ASSOCIATION, INC. is a nonprofit Association organized under the Horizontal Property Act of the State of Tennessee to operate and manage condominium properties for the use and benefit of its owners.

The Company has evaluated events and transactions that occurred between December 31, 2010 and March 10, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

The accompanying financial statements are prepared on the accrual basis of accounting.

The Association has elected to report all of its financial instruments at cost.

(2) MANAGEMENT FEES

Management fees totaled \$20,589 for 2010.

(3) FEDERAL INCOME TAXES

In accordance with applicable provisions of the Tax Reform Act of 1976, the Association is subject to income tax on certain income as defined in the Act. Accordingly, \$-0- Federal income tax has been accrued for the year ended 2010.

(4) 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 disclosures 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.

(5) LONG-TERM LIABILITIES

Notes Payable - Bank, 7.5%, 60 Months at \$4,019, Collateralized By Real Estate	\$ 99,398
Less Current Portion	<u>42,099</u>
Total	<u>\$ 57,299</u>

Principal Payments are due as follows:

2011	\$ 42,099
2012	45,416
2013	<u>11,883</u>
Total	<u>\$ 99,398</u>