

**HIDDEN CREEK
CONDOMINIUM ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023

**Joseph R. Michalak, LLC
Certified Public Accountant**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Members
Hidden Creek Condominium Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hidden Creek Condominium Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenue, expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Hidden Creek Condominium Association, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hidden Creek Condominium Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Future Major Repairs and Replacements

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. We have not applied procedures to determine whether the funds designated for future major repairs and replacements as discussed in Note 6 are adequate to meet such future costs because that determination is outside the scope of our audit. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hidden Creek Condominium Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT
December 31, 2023
Hidden Creek Condominium Association, Inc.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hidden Creek Condominium Association, Inc. 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hidden Creek Condominium Association, Inc. 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, which considers it to be an essential part of financial reporting and 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.

Joseph R. Michalak, LLC

Joseph R. Michalak, LLC
Certified Public Accountant

Maitland, Florida
June 6, 2024

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

BALANCE SHEET

December 31, 2023

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>	<u>TOTAL</u>
ASSETS:			
Cash, including interest-bearing deposits	\$ 1,188,480	\$ 414,890	\$ 1,603,370
Assessments receivable	35,610	-	35,610
Prepaid expenses	40,110	-	40,110
Deposit	790	-	790
TOTAL ASSETS	<u><u>\$ 1,264,990</u></u>	<u><u>\$ 414,890</u></u>	<u><u>\$ 1,679,880</u></u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 226,630	\$ -	\$ 226,630
Assessments received in advance	33,680	-	33,680
Member deposits	500	-	500
Settlement funds (Note 7)	2,024,270	-	2,024,270
Contract liabilities	-	414,890	414,890
TOTAL LIABILITIES	<u>2,285,080</u>	<u>414,890</u>	<u>2,699,970</u>
FUND BALANCE < DEFICIT >	<u>< 1,020,090 ></u>	<u>-</u>	<u>< 1,020,090 ></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,264,990</u></u>	<u><u>\$ 414,890</u></u>	<u><u>\$ 1,679,880</u></u>

The accompanying notes are an integral part of the financial statements.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2023

	OPERATING FUND	REPLACEMENT FUND	TOTAL
REVENUE:			
Assessments	\$ 759,560	\$ 276,820	\$ 1,036,380
Impairment loss	< 280 >	-	< 280 >
Interest	3,250	3,680	6,930
Other	16,290	-	16,290
Settlement funds (Note 8)	1,947,910	-	1,947,910
TOTAL REVENUE	2,726,730	280,500	3,007,230
EXPENSES:			
Spent from settlement funds	1,947,910	-	1,947,910
Building repair and maintenance	863,980	-	863,980
Termite bond	14,070	-	14,070
Utilities	42,790	-	42,790
Lakes and waterways	11,240	-	11,240
Entry gate	9,390	-	9,390
Storm drain	7,350	-	7,350
Contract grounds maintenance	69,350	-	69,350
Other grounds maintenance	15,650	-	15,650
Pool maintenance	12,780	-	12,780
Other pool and clubhouse costs	12,130	-	12,130
Contract management fee	38,110	-	38,110
Wages and benefits	62,890	-	62,890
Office and other	6,360	-	6,360
Legal, accounting and professional	35,340	-	35,340
Insurance	276,750	-	276,750
License and fees	1,230	-	1,230
Security	1,150	-	1,150
Replacement expenses	-	280,500	280,500
TOTAL EXPENSES	3,428,470	280,500	3,708,970
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	< 701,740 >	-	< 701,740 >
FUND BALANCE – Beginning of year	< 318,350 >	-	< 318,350 >
FUND BALANCE – End of year	\$ <1,020,090 >	\$ -	\$ < 1,020,090 >

The accompanying notes are an integral part of the financial statements.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2023

	<u>OPERATING FUND</u>	<u>REPLACEMENT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of revenue over expenses	\$ < 701,740 >	\$ -
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities:		
(Increase) decrease in:		
Assessments receivable	< 12,670 >	-
Prepaid expenses	< 34,920 >	-
Due from operating fund	-	34,250
Increase (decrease) in:		
Accounts payable and accrued expenses	207,690	-
Assessments received in advance	6,470	-
Member deposits	500	-
Due to replacement fund	< 34,250 >	-
Contract liabilities	-	< 176,820 >
	<u>-</u>	<u>< 176,820 ></u>
NET CASH PROVIDED (USED) BY OPERATIONS	< 568,920 >	< 142,570 >
CASH AT BEGINNING OF YEAR	<u>1,757,400</u>	<u>557,460</u>
CASH AT END OF YEAR	<u>\$ 1,188,480</u>	<u>\$ 414,890</u>

The accompanying notes are an integral part of the financial statements.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: NATURE OF ORGANIZATION

Hidden Creek Condominium Association, Inc., is a common interest development and is incorporated in the State of Florida as a not-for-profit corporation. The Association is responsible for the administration, operation and maintenance of the common property within the development. The development consists of 290 residential units located in Orange County, Florida.

The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), bylaws, and rules and regulations.

NOTE 2: DATE OF MANAGEMENT'S REVIEW

The Association has adopted Financial Accounting Standards Board ASC No. 855 *Subsequent Events* (ASC 855). This standard is intended to establish general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 requires issuers to reflect in their financial statements and disclosures the effects of subsequent events that provide additional evidence about conditions at the balance sheet date. In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date that the financial statements were available to be issued.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The 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 Association maintains its accounts 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 Association.

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

Cash and Cash Equivalents

The Association considers cash on hand, demand deposits with financial institutions, money market accounts and all short-term investments to be included in cash and cash equivalents. The Association places its cash and cash equivalents with high credit quality institutions and believes the risk of loss is remote. Periodically, such deposits may be in excess of federally insured limits.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(Note 3 continued)

Member Assessments

Association members are subject to assessments to provide funds for the Association's operating expenses and major repairs and replacements. Assessments are recognized as revenue as the Association satisfies its performance obligation to the unit owners. Performance obligations include the administration, operation and maintenance of the common property in the development. The Association's performance obligations related to its annual operating assessments are satisfied over time on a daily pro-rata basis. Revenues are recorded at transaction amounts expected to be collected. The performance obligations related to the replacement fund assessments are satisfied when these funds are expended for their designated purpose.

Assessments receivable at the balance sheet date are stated at the amounts expected to be collected from outstanding assessments from unit owners. The Association's policy is to retain legal counsel and place liens on the properties of owners whose assessments are thirty days or more delinquent. The Association treats uncollectible assessments as variable consideration and, as such, records an impairment loss against total assessed revenue. Methods and assumptions used to evaluate whether an impairment loss has occurred includes an evaluation of past experience and the Association's susceptibility to factors outside the Association's control. Management has estimated the allowance for uncollectible assessments to be \$ 43,800 as of December 31, 2023.

Interest Income

Interest income is recognized when earned and is allocated to the operating and replacement funds in proportion to the interest-bearing deposits of each fund. The Association's policy is to account for fund expenditures using fund interest income before fund assessment income.

Real and Personal Common Property

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board of Directors is restricted. Similarly, major repairs, replacements and improvements to real and personal property are not recognized.

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.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

(Note 3 continued)

Fair Value Measurement

Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The Association has determined that there was no material difference between the carrying value and fair value of its financial assets and liabilities at December 31, 2023; therefore, no adjustment for the effect of FASB ASC 820 was made to the Association's financial statements at December 31, 2023.

Contract Liabilities

The Association recognizes revenue from members as the related performance obligations are satisfied. A contract liability is recorded when the Association has the right to receive payment in advance of the satisfaction of performance obligations related to replacement reserves.

NOTE 4: INCOME TAXES

The Association elects annually to be taxed as either a corporation under Internal Revenue Code (IRC) 277 or as a homeowners association under IRC 528 in its tax filing with the Internal Revenue Service (IRS). Form 1120 is used when filing as a corporation and Form 1120-H is used when filing as a homeowners association. With either election the Association is generally taxed only on its non-membership income, such as bank interest, investment earnings and other non-exempt function income.

The Association follows FASB ASC, *Accounting for Uncertainty in Income Taxes*, which provides guidance on accounting for uncertainty in income taxes recognized in the Association's financial statements. The guidance prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2023, the Association had no uncertain tax positions that require either recognition or disclosure in the Association's financial statements. Generally, the Association's tax returns remain open for three years for federal income tax examination.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: COMMITMENTS AND CONTINGENCIES

Commitments

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.

Concentrations of Credit Risk

Financial instruments which potentially subject the Association to concentrations of credit risk, as defined by accounting principles generally accepted in the United States of America, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation and assessments receivable. Management of the Association evaluates the financial stability of its depositories and considers the risk of loss to be remote. The Association's assessments receivable are related to billed assessments. The Association monitors the collectibility of these assessments receivable and pursues collection. Management routinely assesses the uncollectibility of the Association's assessments receivable and provides for allowances for doubtful accounts based on this assessment.

Litigation

During the course of its operations, the Association is subject to various claims, torts, and actions. Management reviews the validity of such actions and acts accordingly. Management does not believe the outcome of any current actions will result in material loss to the Association or will materially affect its business, financial position, or future operating results.

Hurricane Damage from Named Storms

The Association maintains insurance coverage for damage that could be caused by a hurricane to the property maintained by the Association. According to the Association's insurance policy, the deductible is a percentage of the total insured value of such property. The Association has not set aside funds to cover the deductible. If such funds are needed, the Association has the right to assess its members or seek bank financing. As certain other expenses may be incurred by the Association in the event of a hurricane, the ultimate extent of such loss in excess of the deductible cannot be determined.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 6: FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association is budgeting for funds to be accumulated for future major repairs and replacements. Accumulated funds, which aggregate approximately \$ 414,890 at December 31, 2023, are held in separate accounts and are generally not available for operating purposes. The Association levied assessments of \$ 100,000 for the year ended December 31, 2023.

During the fall of 2023 the Board of Directors, with the assistance of the property manager, estimated the remaining useful lives and replacement costs of common property components. The Association is using the pooling method to accumulate funds for future replacements. Funding for major repairs and replacements is based on estimated current replacement costs adjusted for inflation and a stated investment rate of return. The estimated required annual funding per this calculation was \$ 255,000. However, the Association membership budgeted to fund for future repairs and replacements at a reduced amount of \$ 100,000 for the year ended December 31, 2024.

Actual expenditures, inflation rates and investment returns 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 or levy special assessments, or it may delay major repairs and replacements until funds are available.

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

COMPONENT	BALANCE 1/1/2023	FUNDING DURING YEAR	INTEREST INCOME	EXPENSES DURING YEAR	BALANCE 12/31/2023
Roofing / Gutters	\$ 1,730	\$ -	\$ -	\$ -	\$ 1,730
Painting	2,190	-	-	-	2,190
Road	10,640	-	-	-	10,640
Entry gates / Guardhouse	< 20,720 >	-	-	-	< 20,720 >
Plumbing / Lift station	21,440	-	-	-	21,440
Storm sewers	10,640	-	-	-	10,640
Irrigation	7,750	-	-	-	7,750
Pooled	558,040	100,000	-	280,500	377,540
Interest		-	3,680	-	3,680
	<u>\$ 591,710</u>	<u>\$ 100,000</u>	<u>\$ 3,680</u>	<u>\$ 280,500</u>	<u>\$ 414,890</u>

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: SETTLEMENT FUNDS

The Association received claim proceeds of \$ 6,602,230 in 2020 and \$ 14,870 in 2022 from its insurance carrier. The claim was the result of roof damage from Hurricane Irma in September 2017. The Association expended \$ 4,027,850 in 2021 and \$ 564,980 in 2022 on roof repairs and replacement with the balance of \$ 2,024,270 carried forward to 2024.

During 2023, the association received claim proceeds of \$ 1,947,910 from its insurance carrier. The claim was the result of flooding caused by Hurricane Ian in September 2022. All the proceeds were expended and recognized as revenue as of December 31, 2023.

HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.

**SUPPLEMENTARY INFORMATION ON FUTURE MAJOR REPAIRS AND REPLACEMENTS
(UNAUDITED)**

December 31, 2023

The Association's Board of Directors had an independent reserve study conducted in 2020 to estimate the remaining useful lives and the replacement costs of components of common property. The Association is using the pooling method to accumulate funds for future replacements. Funding estimates were based on estimated current replacement costs, adjusted for inflation and a stated investment rate of return. The reserve study projected annual reserve expenditures over a 30 year period utilizing a pooling method of all the reserve components.

The following is based on the estimate and presents significant information about the components of common property:

COMPONENT	ESTIMATED REMAINING USEFUL LIFE (YEARS)	ESTIMATED CURRENT REPLACEMENT COST	REPAIRS / REPLACEMENTS DECEMBER 31, 2023	2024 REQUIRED ANNUAL FUNDING
Roofs / Gutters	15	\$ 2,771,800	\$ 1,730	\$ -
Painting	0	381,000	2,190	-
Roads	0-3	374,900	10,640	-
Entry gates / Guardhouse	0-5	337,700	< 20,720 >	-
Pools / Spa	0-21	377,000	-	-
Plumbing / Lift station	2-12	40,000	21,440	-
Storm sewers	-	-	10,640	-
Irrigation	1-11	131,000	7,750	-
Other	-	4,100	-	-
Pooled	-	302,400	377,540	255,000
Interest	-	-	3,680	-
		<u>\$ 4,719,900</u>	<u>\$ 414,890</u>	<u>\$ 255,000</u>

See auditor's report.

To the Board of Directors
Hidden Creek Condominium Association, Inc.

We have audited the financial statements of Hidden Creek Condominium Association, Inc., (the Association) for the year ended December 31, 2023, and have issued our report thereon dated June 6, 2024. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Association are described in Note 1 to the financial statements. No new accounting policies were adopted in 2023 and the application of existing policies was not changed during 2023. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no significant estimates affecting the financial statements other than the Association's estimate of allowance for doubtful accounts (where applicable).

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate levels of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter which is dated the same date as our audit report. The report date is referenced in the first paragraph of this letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to confer with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information, if included

With respect to the supplementary information required by the Financial Accounting Standards Board, we applied certain limited procedures to the information, including inquiring of management about their methods of preparing the information; comparing the information for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements; and obtaining certain representations from management, including about whether the required supplementary information is measured and presented in accordance with prescribed guidelines.

This information is intended solely for the use of the Board of Directors and management of the Association and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Joseph R. Michalak, LLC

Joseph R. Michalak, LLC
Certified Public Accountant

June 6, 2024

Joseph R. Michalak, LLC
807 North Lake Sybelia Dr.
Maitland, Florida 32751

RE: Hidden Creek Condominium Association, Inc.

This representation letter is provided in connection with your audit of the financial statements of Hidden Creek Condominium Association, Inc., which comprise the balance sheet as of December 31, 2023, and the related statements of revenue, expenses and changes in fund balance, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than \$ 20,400 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, having made inquiries as we considered necessary for the purpose of appropriately informing ourselves as of June 6, 2024.

Financial statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Significant estimates and material concentrations have been properly disclosed in accordance with U.S. GAAP.
- 11) Guarantees, whether written or oral, under which the Association is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

- 12) We acknowledge our responsibility for presenting the supplementary information on future major repairs and replacements in accordance with U.S. GAAP, and we believe the supplementary information on future major repairs and replacements, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information on future major repairs and replacements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 13) The Board of Directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study conducted during the year. The Board of Directors believes the funds will adequately provide for future repairs and replacements.
- 14) There are no transfers or designations of fund balance or interfund borrowings that were not properly authorized and approved or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.
- 15) We understand that management is responsible for the Association's choice of filing IRS form 1120 or 1120-H and the consequences thereof.

Information provided

- 1) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit; and
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 2) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 3) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 4) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management;
 - b) Employees who have significant roles in internal control; or
 - c) Others when the fraud could have a material effect on the financial statements
- 5) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- 6) We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- 7) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 8) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions, including any side agreements, of which we are aware.
- 9) The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

Managing Agent

Date

Association Name Hidden Creek Condominium Association, Inc.

Association Number _____ Financial Month 12-31-2023

JE	COA	Description	Debit	Credit
1	1290	ALLOWANCE FOR DOUBTFUL ACCOUNTS	10,910.00	
	3599	FUND BALANCE		10,910.00
		To adjust A/R allowance at 12-31-2023		

Department of the Treasury
Internal Revenue Service

Go to www.irs.gov/Form1120H for instructions and the latest information.

2023

For calendar year 2023 or tax year beginning _____, and ending _____

TYPE OR PRINT	Name HIDDEN CREEK CONDOMINIUM ASSOCIATION, INC.			Employer identification number 59-2883916	
	Number, street, and room or suite no. If a P.O. box, see instructions. 760 FLORIDA CENTRAL PARKWAY, STE 200			Date association formed	
	City or town LONGWOOD	State FL	ZIP code 32750		
	Foreign country name	Foreign province/state/county	Foreign postal code		

Check if: (1) Final return (2) Name change (3) Address change (4) Amended return

A Check type of homeowners association: Condominium management association Residential real estate association Timeshare association

B Total exempt function income. Must meet 60% gross income test. See instructions	B	2,723,480
C Total expenditures made for purposes described in 90% expenditure test. See instructions	C	3,702,140
D Association's total expenditures for the tax year. See instructions	D	3,708,970
E Tax-exempt interest received or accrued during the tax year	E	

Gross Income (excluding exempt function income)

1	Dividends	1	
2	Taxable interest	2	6,930
3	Gross rents	3	
4	Gross royalties	4	
5	Capital gain net income (attach Schedule D (Form 1120))	5	
6	Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6	
7	Other income (excluding exempt function income) (attach statement)	7	
8	Gross income (excluding exempt function income). Add lines 1 through 7	8	6,930

Deductions (directly connected to the production of gross income, excluding exempt function income)

9	Salaries and wages	9	
10	Repairs and maintenance	10	
11	Rents	11	
12	Taxes and licenses	12	
13	Interest	13	
14	Depreciation (attach Form 4562)	14	
15	Other deductions (attach statement)	15	6,830
16	Total deductions. Add lines 9 through 15	16	6,830
17	Taxable income before specific deduction of \$100. Subtract line 16 from line 8	17	100
18	Specific deduction of \$100	18	\$100

Tax and Payments

19	Taxable income. Subtract line 18 from line 17	19	0
20	Enter 30% (0.30) of line 19. (Timeshare associations, enter 32% (0.32) of line 19.)	20	0
21	Tax credits (see instructions)	21	
22	Total tax. Subtract line 21 from line 20. See instructions for recapture of certain credits	22	0
23a	Preceding year's overpayment credited to the current year	23a	
b	Current year's estimated tax payments	23b	
c	Tax deposited with Form 7004	23c	
d	Credit for tax paid on undistributed capital gains (attach Form 2439)	23d	
e	Credit for federal tax paid on fuels (attach Form 4136)	23e	
f	Elective payment election amount from Form 3800	23f	
g	Total payments and credits. Combine lines 23a through 23f	23g	0
24	Amount owed. Subtract line 23g from line 22. See instructions	24	0
25	Overpayment. Subtract line 22 from line 23g	25	0
26	Enter amount of line 25 you want: Credited to 2024 estimated tax Refunded	26	0

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here		
Signature of officer	Date	Title

May the IRS discuss this return with the preparer shown below? See instructions. Yes No

Paid Preparer Use Only	Print/Type preparer's name JOSEPH R MICHALAK, CPA	Preparer's signature <i>Joseph R Michalak LLC</i>	Date 6/7/2024	Check <input type="checkbox"/> if self-employed	PTIN P00807235
	Firm's name JOSEPH R. MICHALAK, LLC				Firm's EIN 84-1663897
	Firm's address 807 N LAKE SYBELIA DR., MAITLAND, FL 32751				Phone no.

Line 15 (1120-H) - Other Deductions

1	MANAGEMENT, ACCOUNTING, BANK CHARGES, INSURANCE	1	6,830
2	Total other deductions	2	6,830